

FINANCIAL TIMES

Weekend
FT
Section 2

The night
the innocents
died

Page 1

Cruise control:
four pages on
holidays afloat

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Drawn
to the
erotic

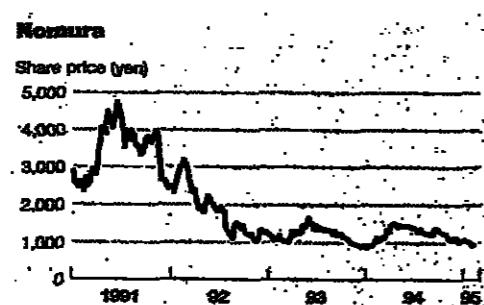
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Revolutionary
in the style
of hothouse

Page IV

World Business Newspaper

Japanese stocks weakness forces Nomura into loss



Source: FT Graphics

The severity of the Japanese stockbroking crisis was underlined when Nomura Securities, the broker whose name was once synonymous with Japan's financial might, declared the first loss in its history. The company said the continuing weakness in domestic equity markets and losses in overseas subsidiaries had produced a £20m (\$302m) pre-tax loss for the group in the 10 months to January 31. Page 5

Settlement for Maxwell pensioners: Thirty thousand pensioners won a £276m (\$422m) settlement from the remnants of the late Robert Maxwell's failed media empire and from investment banks and accountants. Page 22

Samsung 450% ahead: Samsung Electronics, South Korea's largest electronics company, reported a 450 per cent increase in provisional net profits for 1984 to won 850bn (£1.07bn) due to increased exports for semiconductors. Page 5

Eurotunnel misses target: Eurotunnel, the Channel tunnel operator, achieved revenues of £20.6m (£47.4m) in 1984, its first year of operating train services, but blamed a dispute with the French and UK railways for failing to reach its revised target of nearly £25m. Page 5

Modest rise in wholesale prices: US wholesale prices rose 0.3 per cent last month, with a sharp increase in energy prices partly offset by declining food costs, the Labour Department said. Page 2

Toyota lifted by cost-cutting: Toyota, Japan's largest car maker, reported a more than nine-fold increase in first-half operating profits to Yen 1.1bn (£831m), helped by cost-cutting and a recovery in the Japanese market. Sales grew 2 per cent to Yen 47.07bn. Page 5

Tokyo's deregulation plans attacked: The European Commission said Japan's proposed measures for deregulation of the economy were "very disappointing" and called on Tokyo to adopt "clear, unequivocal commitments" in its final five-year plan to be announced in March. Page 3

First call on WTO's disputes procedure: Singapore and Venezuela have set in train proceedings which could trigger for the first time the World Trade Organisation's politically controversial new machinery for resolving international trade conflicts. Page 3

Footsie up 50 points on week to 1985 high

FT-SE 100 Index

Hourly movements

3,200

3,100

3,000

2,900

2,800

2,700

2,600

2,500

2,400

2,300

2,200

2,100

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Markets, Weekend FT Page XXII

Lloyd's Bank reports profits of £1.3bn:

Lloyd's Bank of the UK announced a 26 per cent rise in pre-tax profits to £1.3bn (£220m), ahead of market expectations, as its retail banking business showed signs of restored growth. Page 6; London stocks, Page 12; Lex, Page 22

No bugging devices:

No electronic bugging devices were found in an office provided for Sinn Féin delegates involved in talks earlier this week with British government officials in Belfast, the Royal Ulster Constabulary said. The Sinn Féin team walked out of the talks saying a scanner had picked up signs of a monitoring device.

Companies in this issue

BAA 6 CVC

Castrol India 6 Rapap

Eurotunnel 5 Rolls-Royce

Forte 6 Samsung Electronics

Greenwich Comms 6 Senior Eng

Headway 6 Stora

Kingfisher 6 TCI

Lloyds Bank 6 Tesco

McAlpine (Alfred) 6 Toyota

NEC 5 Trasiger House

Nomura 5 Tryg-Hansa

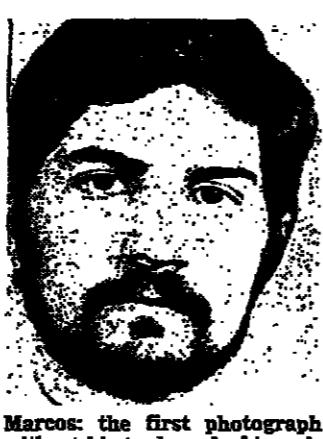
Norgeskredit 5 Unilever

Northern Electric 6 Warburg (SG)

Prudential 22 Wimpey (George)

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By Leslie Crawford in Mexico City and George Graham in Washington

Heavy troop movements were reported yesterday in Mexico's southern state of Chiapas after President Ernesto Zedillo announced a crackdown on a 13-month peasant uprising there.

The decision by Mr Zedillo to go on the offensive against the Zapatista guerrilla group represented a sharp shift in strategy

by the president, who had emphasised the need for dialogue with the rebels.

According to the president, the move followed the discovery of arms caches in Mexico City and the state of Vera Cruz. He said this showed the guerrillas' strategy was "to buy time in order to arm themselves and broaden their operations through further acts of violence".

He ordered the arrest of the Zapatista leadership, including its charismatic

chief, Subcomandante Marcos. He identified Marcos as Rafael Sebastian Guillen Vicente, 37, a one-time philosophy lecturer known for his Marxist leanings at Mexico City's Autonomous University. Vicente's family say they have not seen him for eight years. He is also said to have lived in Paris and in Nicaragua, where he is supposed to have received training in guerrilla warfare.

The Mexican stock market rallied following the president's

announcement, gaining 1.3 per cent in mid-day trading. However, Mr Geoffrey Dean of Bear Stearns in New York said he believed the rally would be short-lived. "We are still worried about the dangers of a deep recession in Mexico. That is the bottom line." The peso recovered earlier gains and strengthened near the end of trading to 5.5 to the dollar.

The US yesterday backed Mr Zedillo's decision, but urged the Mexican government to act with restraint, respect for human rights and full compliance with the legal process.

A statement issued by the State Department said that "governments have the right and responsibility to protect their citizens against violence, while at the same time respecting their human rights".

US officials have been concerned that the crackdown might

Continued on Page 22

Currencies, Page 10

Mexico cracks down on peasant uprising

Apple lawsuit a threat to new Microsoft launch

By Louise Kuhne in San Francisco

The launch of Windows '95, the next version of the widely-used personal computer operating system made by Microsoft of the US, could be caught up in the copyright infringement law suit filed this week by Apple Computer.

Apple is seeking a court order preventing Microsoft from distributing any product containing the disputed software. Apple contends in its suit that Microsoft has announced that the disputed software is a part of Windows '95. Microsoft, however, yesterday strongly denied that Windows '95 incorporates the software in question.

The issue is critical for the personal computer industry, which is eagerly awaiting the planned launch of Windows '95 in August.

The new Microsoft operating system program is expected greatly to improve the performance and ease of use of personal computers. Industry analysts expect 20m copies to be sold worldwide within 12 months of the introduction for Microsoft's Quicktime for Windows program.

Apple also sought to include in its action any future programs which might contain the disputed software - such as Windows '95.

Video for Windows and Quicktime for Windows programs enable PCs to display movie-quality video, rather than choppy quality of earlier programs.

Elements of both programs were developed on behalf of Apple and Intel by a small San Francisco software firm called

San Francisco Canyon. Apple filed suit against Canyon in December, charging that it had illegally transferred source code from Quicktime for Windows to Intel. On Thursday, Apple expanded the suit to include charges against Intel and Microsoft.

The competing products enable PCs to display high quality video. They are incorporated in "development kits" distributed to third party software developers which create application programs such as multimedia games.

A serious concern for Apple is that third party software developers may be less likely to create new programs for the Apple Macintosh if development tools for PCs based on Intel chips and Microsoft's Windows operating system match the performance of those available for the Apple Macintosh.

The company said it was offering an "amnesty" to third party developers who had used the software in products that were already on the market. Apple is, however, demanding a halt to the launch of new products that contain the disputed software.



Russian president Boris Yeltsin answers journalists' questions during the summit of the Commonwealth of Independent States in Kazakhstan. The states were unable to agree on many economic and security issues. Details and dilemma for Yeltsin, Page 2

UK minister attacked as air chief leaves in residence row

By Kevin Brown and Bernard Gray in London

Mr Malcolm Rifkind, UK defence secretary, was under fire from MPs yesterday after Air Chief Marshal Sir Andrew "Sandy" Wilson agreed to take early retirement from the Royal Air Force over a £280,000 (£58,000) renovation bill for his official residence.

The defence ministry refused to confirm claims at Westminster that Sir Sandy, the RAF's head of personnel and training, was dismissed following a critical report on the renovations by KPMG Peat Marwick, the accountants.

However, the MoD released a terse exchange of letters in which Sir Sandy made clear that he had agreed to take early retirement "with great regret" to relieve pressure on the air force and his family.

Mr Rifkind said that Sir Sandy's departure after a "distinguished" 35-year career was "in the Royal Air Force's best interests". Mr Rifkind is understood to have told Sir Sandy that he no longer retained the full confidence of ministers.

Sir Sandy's renovation bill included £30,000 for curtains and pelmets. An interior designer twice flew to Germany to discuss fittings with Sir Sandy.

Nevertheless, there was resentment among senior officers, some of whom said Sir Sandy had been made a scapegoat for politicians. Some ministers were also uneasy.

One said that Mr Rifkind was seeking to demonstrate his toughness on the wrong issue.

Another linked the "unwise" treatment of Sir Sandy to the government's embarrassment about big salary increases in the private sector.

Mr David Clark, the opposition defence secretary, accused Mr Rifkind of ducking questions by announcing Sir Sandy's resignation in a written answer from Mr Nicholas Soames, armed forces minister, instead of making a Commons statement.

"Sir Sandy has made several grave errors of judgment. But he is not the only one at blame. This

is another episode in an ongoing catalogue of political mismanagement and lack of financial control in the MoD," he said.

Mr Bruce George, Labour chairman of the cross-party Commons defence committee, said he would call for an inquiry into the management of the 78 official service residences which house senior officers from all three armed services.

The KPMG report, drawn up after an inquiry prompted by Labour complaints about the high running costs of senior officers' houses, said there were "significant failures on control" at Sir Sandy's residence, Haynes Garth, near Cheltenham. Haynes Garth is expected to be sold.

The report also found "serious systemic weaknesses in procedures and controls" in properties controlled by RAF strike command.

Minor irregularities were also found in army and Royal Navy properties.

A homemaker hails out, Page 8

STOCK MARKET INDICES

FT-SE 100: 3,109.8	(+10.9)	■ US LUNCHTIME RATES	■ STERLING	■ DOLLAR
Yield 4.30		Federal Funds 6.5%	New York lunchtime: DM 1.9187	DM 1.9187
FT-SE Eurotrack 100,1,348.30	(+1.28)	3-m Treas Bill: Yld - 5.567%	S 1.594	FF 5.2810
FT-SE-A All-Shares .. 1,630.47	(+0.59)	Long Bond 9.9%	London: S 1.5800 (1.5557)	SF 1.2844
Nickel 18,291.35 (191.80)	(+0.48)	Yield 7.684%	S 1.5800 (1.5557)	Y 0.7056
Dow Jones Ind Ave 3,925.28	(-7.40)	■ NORTH SEA OIL (Argus)	DM 2.378	

NEWS: INTERNATIONAL

INTERNATIONAL NEWS DIGEST

Modest gain in US prices

US wholesale prices rose modestly in January with a sharp increase in energy prices partly offset by declining food costs. The Labour Department said its producer price index rose 0.3 per cent last month, after moving up by a revised 0.4 per cent in December instead of the 0.2 per cent gain previously reported. Food prices dropped 0.6 per cent in January, compared with December's revised increase of 1.4 per cent. Energy prices jumped 2.3 per cent last month, compared with December's revised drop of 1.0 per cent. After factoring out volatile food and energy prices, the department said the "core" PPI rose 0.1 per cent, after a revised 0.3 per cent in December. Economists on average had expected both the overall index and the core rate to rise by 0.4 per cent. The inflation-sensitive 30-year US Treasury bond jumped after the report, gaining \$1.05 a point, or \$3,437.50 per \$1,000 face value, and its yield slipped to 7.61 per cent from 7.68 per cent on Thursday. *Reuter, Washington*

Judge quits in graft protest

Judge Ventura Pérez Marín, a high court magistrate co-opted into the Spanish parliament by the ruling Socialist party, said yesterday he would resign because the government had not done enough to curb corruption. His resignation will embarrass Mr Felipe González, the prime minister, but it leaves the government's majority unchanged as Mr González can now co-opt a replacement. Mr Pérez Marín's break with the Socialist party mirrors that of fellow judge Mr Baltasar Garzón in May last year, and threatens to heighten a confrontation between the government and the judiciary over the handling by the courts of sensitive political scandals. Mr González co-opted the two judges onto the Socialist party lists in the June 1993 general elections as part of his strategy to broaden the government's appeal. *Tom Burns, Madrid*

Indian exports rise sharply

India's exports rose nearly 17 per cent to \$16.5bn (£11.8bn) in the nine months from April to December, the Commerce Ministry said yesterday. But the trade deficit widened as imports grew to \$20.3bn. Imports of petrol, oil and lubricants declined by 2.1 per cent but non-oil imports increased by 33.1 per cent. The ministry said exports in December rose 29 per cent over December 1993 to a record \$2.3bn. It said that the 20 per cent target for growth in exports in fiscal 1994-95 was attainable despite a plague scare late last year which led to a virtual quarantine of India. *AFP, New Delhi*

Finnish interest rates raised

Finland's central bank yesterday followed Sweden by raising short-term interest rates to forestall fears of resurgent inflation. The bank raised its "tender rate" for short-term money market lending by 25 basis points to 5.75 per cent. It warned of "a marked rise in inflation expectations and cost pressures which pose a threat to price stability and hence to sustained growth".

The extent of the bank's anxiety not to allow inflation to re-emerge appears excessive, given that inflation in Finland last year reached just 1.1 per cent. The reappearance of inflation is much more pronounced in Sweden, where the economy is threatened by a yawning budget deficit. But the Finnish bank is nevertheless concerned that a return to rapid growth now under way after a deep recession could rekindle inflation. Gross national product grew by almost 4 per cent last year and is forecast to rise by more than 5 per cent in 1995. *Hugh Carnegie, Stockholm*

German bus takeover cleared

Mercedes can take over Kaesbohrer, a big manufacturer of tourist and intercity buses in Europe, the European Union advisory panel on mergers recommended yesterday. The issue will now go to the Commission for confirmation next week.

The panel dropped its earlier opposition to the merger on the grounds that the two companies would control 60 per cent of the German bus and coach markets. It was argued that the deal would not dramatically change the structure of the German bus market, while it was vital for the survival of debt-ridden Kaesbohrer. Rival German bus-makers had not objected. *Reuter, Brussels*



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FT
FINANCIAL TIMES
Information

Yeltsin faces dilemma over pay rise vote

By Chrystia Freeland
in Moscow

Russia's parliament yesterday decided to double the minimum wage, giving President Boris Yeltsin a tough political choice between backing the domestically popular bill or blocking it to ensure western financial aid.

The decision to raise the minimum wage to R54,000 (about £3.30 a month, passed by the lower house of parliament last month, was approved by an overwhelming majority of deputies in the upper chamber yesterday.

Unless Mr Yeltsin exercises his authority to veto the bill, the wage rise will doom the 1995 budget and kill Russia's chances of receiving a \$6.25bn (£4bn) standby loan from the International Monetary Fund, Russian officials said.

"This wage increase would undermine the budget and destroy our prospects of an agreement with the IMF," said Mr Maksim Boyko, deputy head of the reformist government commission on economic policy.

The budget department of

the finance ministry estimates that, because of the link between the minimum wage and pensions and other state entitlements, implementing the legislation would cost the government R150,000m more. The added costs would more than double the government's target budget deficit of about 7.7 per cent of GDP, according to official Russian calculations.

Earlier this week, Mr Victor Chernomyrdin, the prime minister, sent deputies a written appeal not to approve the legislation on the grounds that the 1995 budget "does not envisage to

the specified sum".

But parliamentarians, who voted for the bill in a roll call ballot, were unconvinced by the government's arguments and unwilling to bear the political heat for keeping the minimum wage at its current level of less than £3.20 a month.

"The government can find money to protect millions of innocent impoverished citizens from the same source that funded the war in Chechnya," said one deputy, Mrs Elena Mizulina.

By approving the bill, which calls for the wage increase to

be backdated to February 1, parliamentarians have put Mr Yeltsin in a tight corner. If he vetoes the bill, as reformers in the government are predicting, he will incur the wrath of millions of Russians.

"One must not trap the president all the time," said Mr Gennadi Melikyan, the minister of labour. He said the parliament's decision put Mr Yeltsin "in an uncomfortable position because he has just vetoed the minimum pension bill, and if he kills the minimum pay bill as well, it will turn out that the parliament is

CIS summiteers grope warily for post-Soviet role

By John Thornhill in Alma Ata

It is hard enough to organise a summit of 12 countries at any time, but when the states involved share a close and, at times, traumatic past, as in the Commonwealth of Independent States, the task is trickier still. The organisers of the 17th CIS summit held yesterday in Alma Ata, capital of Kazakhstan, had to tread warily as the leaders of the newly independent states, all groping to find their place in the post-Soviet era, grapple with common security and economic issues.

Procedural correctness suggests that the presidents are seated in alphabetical order. But that means that the heads of Armenia and Azerbaijan, still at loggerheads over the disputed region of Nagorno-Karabakh, end up sitting next to each other. Such sensitivities – and Russia's dominant part – ensured that little progress was made on creating common external borders to be guarded by CIS troops. Suspicions run too deep.

Other regional jealousies are prone to surface. Mr Nursultan Nazarbayev, the president of Kazakhstan, who hosted the summit, has been keen to promote his country as the leading political force in central Asia. But that has provoked frostiness with Mr Islam Karimov, president of neighbouring Uzbekistan, who sees himself in a similar role.

While politicians talk about closer economic ties, travellers still find it difficult to fly directly between the capitals of the two countries. The sheer size and relative wealth of Russia ensures it is the queen on the chessboard of CIS politics with the other countries capable of only limited moves.

Mr Boris Yeltsin, Russia's president, was the natural focus of attention – especially given the conflict in Chechnya. A hard core of countries – Russia, Belarus and Kazakhstan – appear determined to press ahead with developing closer relations even if it means leaving the other members of the CIS behind. Recent bilateral and trilateral agreements between these countries on security and economic issues are blazing a trail which other CIS countries may find too hot to follow.

and expressed frustration at the slow progress of reintegrating the CIS. But Mr Yeltsin kept a surprisingly low profile, appearing in public only when he unsteadily descended from the steps of his airplane.

Mr Nazarbayev, the strongest advocate of an ever closer and deeper union, was the summit's guiding spirit and publicly hankered after something far more ambitious than the loose confederation that is now the CIS.

"If the European Union is going to move closer then why should we not follow? Before we were even more closely integrated than they were," he said. But his proposal for a binding pact for peace and stability within the CIS was coolly received by some other members.

Only an informal memorandum was adopted and just three of 13 proposals for closer security were passed.

The summit contained echoes of debate within the western European Union as the prospect of a two-speed CIS began to emerge. CIS member countries agreed about the desirability of a common market and fleshed out plans to develop an inter-state economic committee. The heads of government moved to appoint the staff of the committee to open headquarters in Moscow and co-ordinate their country's statistical services. But beyond the summit contained echos of debate within the western European Union as the prospect of a two-speed CIS began to emerge. CIS member countries agreed about the desirability of a common market and fleshed out plans to develop an inter-state economic committee. The heads of government moved to appoint the staff of the committee to open headquarters in Moscow and co-ordinate their country's statistical services. But beyond

two airlines who are accustomed to co-operating rather than competing."

The authority, in a report published yesterday, said future EU regulations should concentrate on increasing the number of airlines on well-used intra-European routes. The authority accepted that this might favour large airlines over small carriers.

The 1993 regulation established a pool of arrival and landing slots for allocation to airlines which did not have a large presence at a particular EU airport. The European Commission is to recommend by the end of this year whether the regulation requires revision.

Mr Christopher Chataway, CAA chairman, said the regulation "has not engendered any increase in competition. There are no benefits to passengers. On many routes, there are just

use of them. New slots, created through changes in airport schedules, are also in the pool.

New entrants are those with only a small presence on a particular route and airport. The authority said that at London Heathrow airport this system had not resulted in new competition on intra-European routes. It thought the situation was probably the same at other European airports.

The authority said EU regulations should encourage the collection of slots which become available. This would allow allocation of more slots to an airline which wanted to enter a well-used intra-European route. This would mean the airline could create a viable service to challenge existing carriers on the route.

Slot Allocation: A Proposal for Europe's Airports, from CAA, PO Box 41, Cheltenham, GL50 2BN, £3.50.

Anti-smoking group urges sell-off protest

By Andrew Jack in Paris

A French anti-smoking organisation has urged supporters to buy shares in the privatisation of Seita, the French state tobacco monopoly, to enable them to express their critical views of the company.

The Paris-based National Committee Against Excessive Smoking urged subscribers to its magazine to buy 10 shares at FF12.29 (£15.70) each, which opens next Tuesday, at a time

when the company is trying to

mount an intensive marketing campaign without running foul of advertising regulations.

The committee has already begun legal proceedings against Seita, claiming that its

campaign breaches a law, introduced in 1993, that tightly restricts the advertising of tobacco.

It has been inspired by the work of US consumer activists, including those who managed to gain a say at the annual general meeting of Philip Morris, the tobacco giant.

Mr Pascal Mellian-Chenin,

chairman of the committee, said: "Our aim is not to make Seita bankrupt but to improve the nation's health."

"We are not prohibition but we want to prevent publicity encouraging smoking, including that aimed at young people and those in the third world and eastern Europe."

He emphasised that the French government gave FF2.4bn a year towards anti-smoking causes, but gained FF40bn a year from tobacco tax.

He said the committee itself received FF1m a year

directly from the state and FF1m more towards its FF1m budget from the national health insurance system.

Seita said last night it was not worried about the threat and the privatisation was proceeding well. "The best way for opponents of smoking to object is not to buy cigarettes," it said.

Judging by current numbers it is unlikely that Seita will face much of a threat from the latest campaign. The committee said it had only about 600 paid-up members.

Protests grow over Slovak nuclear plan

By Eric Frey in Vienna

Austria is considering pulling out of the European Bank for Reconstruction and Development if the bank goes ahead with plans to fund the completion of a controversial nuclear power plant in Slovakia.

Using its newly gained influence as a European Union member, Austria is fighting hard to stop completion of the Mochovce nuclear power plant, 19km from Vienna, claiming it will remain a safety hazard even after being upgraded by western technology.

Electricité de France (EDF) has formed a joint venture with Slovakia's Slovenske Elektrárne to complete the Soviet-style power plant and provide it with modern safety features for DM1.5bn (£540m). The German utility Bayernwerk is also considering joining the consortium.

Funding is to come from the EBRD, Euratom and the European Investment Bank. The EBRD board is to vote, on a DM400m loan in April.

On Thursday, the Austrian parliament voted unanimously to ask the government to consider withdrawing from EBRD

if the loan goes through. Austria holds a 2.3 per cent stake in the bank. Behind the hectic official activities is extreme pressure from public opinion and the tabloid press. Environmental issues have been at the forefront of politics for many years and many Austrians regard environmentalism as part of their identity. In a 1978 referendum, the country narrowly voted against nuclear power, even though the first plant was completed and ready for operation.

EBRD officials say they can still go ahead. The EBRD project managers, who strongly support the loan, say they do not understand Austria's opposition. Mr Alain Pilloux, EBRD senior banker in charge of the project, said yesterday the project had been misrepresented in Austria: "The project has taken on an emotional character in Austria... this is a safety project. We are not talking about constructing dangerous nuclear plants but about completing and upgrading two reactors. In return two unsafe reactors will be closed. This will increase the safety of Austria and Hungary."

Part of the loan agreement is a commitment of the Slovakian government to close two of the four nuclear reactors at the Bohunice power plant, which experts regard as dangerously antiquated.

But leaving a plant that is 80 per cent idle is something a poor country cannot afford, the bank says.

Experts advising Vienna dis-

miss the assurances of the EBRD. Slovakia might still decide to keep Bohunice on line beyond the 1999 date for decommissioning. They also call into question the safety standards of Mochovce, arguing that a plant mixing eastern and western features could never be licensed in a west European country.

Moreover, the bank has overestimated Slovakia's energy needs and the projected costs of natural gas, they say. Austria's hand was strengthened when PreussenElektra of Germany dropped out of the consortium this month, citing concerns about Mochovce's safety standards.

The issue has strained Austria's relations with Slovakia and France, the prime proponents of nuclear energy in Europe. But it has strong allies among Europe's environmental groups, which have picked Mochovce as a key case in fighting the expansion of nuclear power plants in eastern Europe. Rather than replacing antiquated plants like Chernobyl with western designs, the new democracies should consider non-nuclear alternatives, they say.

Map of Central Europe showing the location of the Mochovce nuclear power plant in Slovakia. The map includes parts of Poland, Czech Republic, Slovakia, Hungary, and Austria. The Mochovce plant is located near the border between Slovakia and Hungary. The map also shows the location of the Chernobyl nuclear power plant in Ukraine.

Austria tilts away from neutrality

Austria yesterday became the 26th member of Nato's Partnership for Peace, a move widely interpreted as a first step towards discarding its 40-year tradition of neutrality. *AFP* reports from Brussels.

Mr Alois Mock, Austria's foreign minister, said Austria had joined the Nato co-operation programme because it shared the ideal of increasing European stability and security in the post-cold war era.

But Mr Mock stressed that Austria would not be involved in PPF military manoeuvres.

"We want to concentrate our activities in the areas of humanitarian and peacekeeping operations," he said. "Austria is also interested in the environmental sector."

Mr Mock and Mr Werner Fasslabend, the defence minister, both members of the People's party, the junior member of the coalition government, were keen for Austria to take part in Nato exercises.

But they were overruled by Social Democrat Chancellor Franz Vranitzky, whose party is deeply attached to the tradition of neutrality.

Mr Willy Claes, the Nato secretary general, reflected Austrian sensitivities by underlining that joining PPF would not endanger the country's neutral status. "Austria itself will determine the depth of its involvement," he said.

Mr Claes said Austria's position at the heart of Europe meant it could play a strategic role in developing new European security structures. "We are counting on Austria actively helping the countries of central and eastern Europe in a difficult transitional phase," he said.

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مكالمة من الأجل

NEWS: INTERNATIONAL

Tokyo insider dealing probe urged

By Emiko Terazono in Tokyo

Japan's securities watchdog yesterday called on Tokyo district prosecutors to investigate insider dealing allegations involving a Japanese bank and a machinery company.

This is the first time such a complaint has been filed by the Securities and Exchange Surveillance Commission (SESC) against a company rather than corporate executives.

The two companies involved are Shimizu Bank, a regional bank based in central Japan, and Marubeni Construction Machinery Sales, an affiliate of the Marubeni trading house.

The allegations relate to share-dealings by Shimizu and Marubeni last March in Shin Nihon Kokudo Kogyo, a small construction company, shortly before the company announced it could not honour a Y150m (\$960,000) promissory note.

Executives at the Shimizu Bank alleg-

edly sold 40,000 shares while Marubeni officials sold 5,000 shares on the company's account.

A day after the sales Shin Nihon shares were suspended, and the company subsequently went bankrupt. The SESC action is only the fourth

impact on production was more difficult to assess. Mr Masahiko Komura, director-general of EPA, said it would publish shortly a full report.

Away from the earthquake, the report said personal consumption was continuing to rise slowly, and housing construction and industrial profits were recovering. But private capital expenditure remained weak.

Meanwhile Mr Shizuka Kamei, transport minister, yesterday said the port of Kobe, Japan's second largest, which was severely damaged in the earthquake, would be repaired within two years.

such move since it was set up in 1992 following a spate of stock market scandals.

Modelled on the US Securities and Exchange Commission, the SESC has struggled to establish a reputation as an aggressive and independent authority

in the face of a largely sceptical business community.

While the SESC has tried to raise its profile through televised raids on offenders, allegations of insider trading, stock price manipulation and other illegal stock market transactions have often been hard to prove. Inadequate resources have undermined its work. At the same time, the slump in Japanese shares has eroded enthusiasm for crackdowns by the authorities.

Insider trading is punishable by imprisonment of up to six months or a maximum fine of Y500,000 yen.

Following an SESC investigation, 26 people were indicted last December for alleged insider trading in the shares of pharmaceutical trading company Nippon Shoji Kaisha.

Yesterday, market commentators said if the SESC could prove the allegations Shimizu and Marubeni, it would be its biggest coup since it was set up.

EU balks at Tokyo's plans to deregulate

By Michio Nakamoto in Tokyo

The European Commission yesterday said Japan's proposed measures for deregulation of the economy were "very disappointing" and called on Tokyo to adopt "clear, unequivocal commitments" in its final five-year plan to be announced in March.

During a round of EU-Japan high-level consultations in Tokyo yesterday, Mr Horst Krenzler, EU director-general for external economic relations, also raised the issue of Japan's failure to comply with a General Agreement on Tariffs and Trade ruling on Tokyo's liquor tax system.

"We are examining if this will be an appropriate candidate for the first WTO dispute settlement case," Mr Krenzler said.

The EU is unhappy with Japan's failure to comply fully with the GATT ruling that its tax system discriminates against alcoholic products such as Scotch whisky. The Japanese government has taken a number of steps to rectify the situation but the EU regards these as insufficient.

Mr Krenzler also expressed dissatisfaction with the number of EU suggestions being incorporated into the Japanese mid-term report containing some 500 proposals for deregulating the economy. Only 21 out of 160 EU suggestions appeared in the Japanese draft.

"You can imagine that the result left us very dissatisfied," he said.

In addition, there was no implementation timetable and a large number of the measures had broken no new ground, according to the EU. The interim report included 170 concrete measures but these were formulated in "a vague and unspecified way".

Mr Krenzler said: "If the peace process is to succeed, we must have a clear, unequivocal commitment and an implementation calendar". It had also asked for continuing dialogue with the Japanese government on deregulation.

"We have not come up with

a final programme yet and the debate is still going on so we did not expect to see approval of the interim report."

Mr Akira Miwa, director of the first international affairs division at the Ministry of Finance, said:

"Mr Krenzler also repeated

European concerns that the framework trade negotiations with the US would lead to discrimination against European companies. The Japanese side has agreed to a monitoring system with the EU which

would be based on the same statistical data as those used

with the US in measuring progress in market access under the framework negotiations.

In 1993, the EU's trade deficit with Japan fell from \$40bn (£25.8bn) to \$25bn and is expected to fall further this year to \$22bn.

Egypt wants new 'Camp David'

Coming weeks 'critical' for Mideast peace

By David Gardner and Mark Nicholson in Cairo

Chances of securing an overall Middle East peace settlement depend on progress in the next few weeks on resolving the crisis in Israeli-Palestinian relations and reinvigorating negotiations between Israel and Syria, according to senior Egyptian officials.

Egypt, which hosted a summit 10 days ago with Israel, Jordan and the Palestine Liberation Organisation in an attempt to create momentum behind regional peace moves, wants the US to stage a Camp David-style negotiation between Syria and Israel to help break the impasse.

Dr Osama El-Baz, President Hosni Mubarak's chief political adviser, warned in an interview with the Financial Times that "if progress is stalled on either the Palestinian or Syrian [peace negotiations] track, that does not mean we stay where we are. We could have a very serious regression, and be back to square one".

Egypt, now playing a pivotal role in trying to patch up the regional peace process after the January 22 suicide bomb attack by Islamic fundamentalists north of Tel Aviv which brought Israeli negotiations with the PLO on Palestinian self-rule to a standstill, reached its own peace treaty with Israel at US-sponsored talks in Camp David in 1978.

Mr El-Baz said: "If Israel persists in these self-serving salami tactics, the senior Egyptian official said, "How can Syria and stop the rejectionist organisations among the Palestinians and Lebanese?"

Egyptian foreign ministry officials were dismayed at the lack of progress at Thursday's meeting between Mr Yitzhak Rabin, Israeli premier, and Mr Yasir Arafat, PLO chairman, and warned that Israel's continuing expansion of its settlements in the occupied West Bank was where "this whole process will break down".



Rabin: lack of progress in meetings with Arafat

Jihad organisation from the occupied territories, whose leadership is based in Damascus.

Similarly, the Hezbollah Islamist militia in south Lebanon has stepped up its attacks in recent weeks on the Israeli-occupied buffer zone in Lebanon, in some cases operating alongside PLO "rejectionist" groups based in Syria.

Israeli officials believe Syria is encouraging these offensives and bring Israel to the negotiating table on its own terms.

Mr El-Baz said: "If Israel stalls on the Syrian [peace] track as well as the Palestinian one, that means it is negating the concept of a comprehensive settlement and is opting for selective, separate deals.

"Syria would be justified to move against peace" if Israel persists in these self-serving salami tactics, the senior Egyptian official said. "How can Syria and stop the rejectionist organisations among the Palestinians and Lebanese?"

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Clinton set for defence clash

By George Graham in Washington

A clash over foreign and defence policy is set to break out next week between the Clinton administration and the Republican majority in Congress. The House of Representatives is to debate legislation that would gut US funding for UN peacekeeping operations, prohibit US troops from serving under foreign command and speed efforts to deploy a "Star Wars" anti-missile defence system.

The legislation is part of the "Contract with America" manifesto on which the Republicans campaigned in November's congressional elections. However, it has been criticised even by some senior officials from previous Republican administrations for undermining the president's authority as commander-in-chief and for hamstringing the US's ability to join multilateral efforts to tackle world trouble spots.

The legislation would require the US to deduct from its annual assessed contribution to UN peacekeeping funds any money it spends on military operations that supported a UN peacekeeping operation.

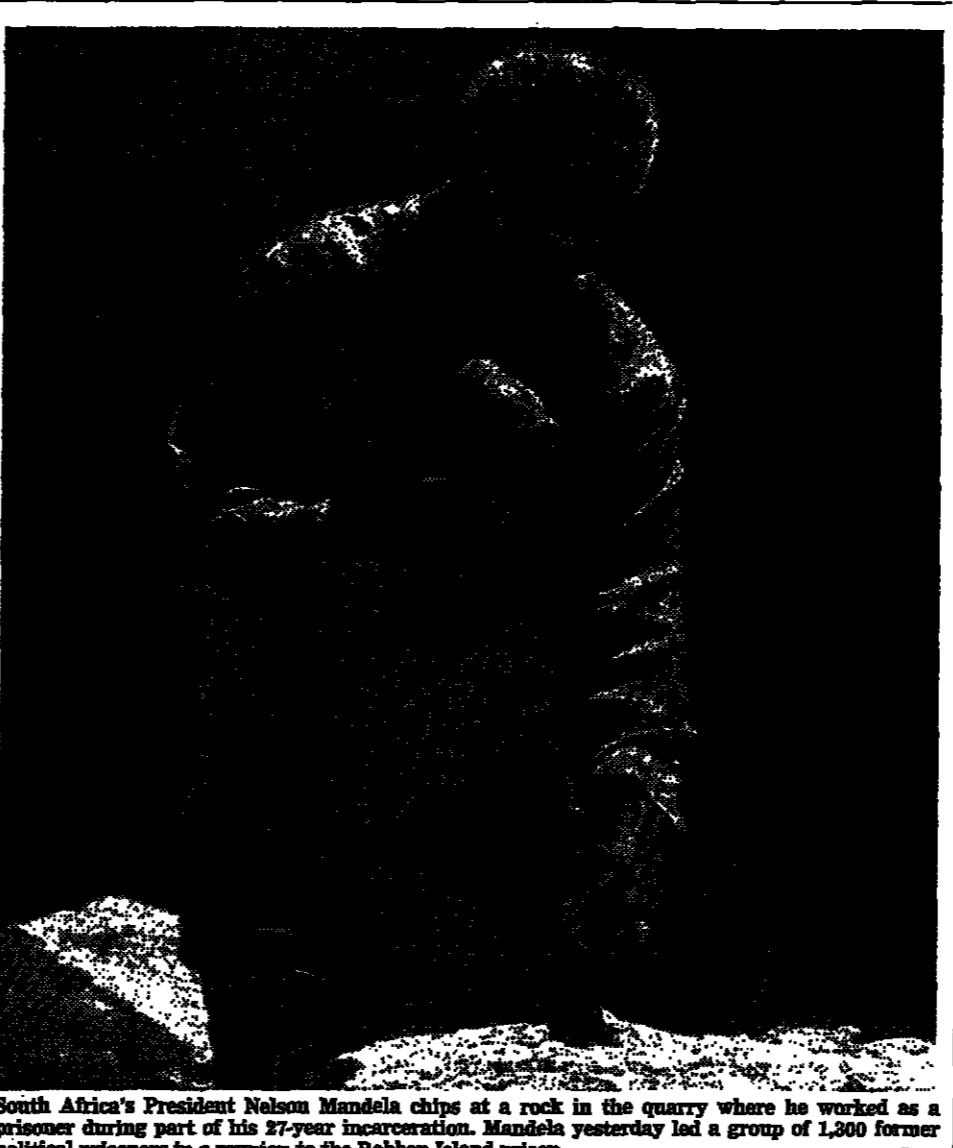
The Pentagon spent nearly \$1.8bn (£1.16bn) last year on UN-related operations in countries such as Haiti and Iraq, which would, under the terms of the proposed new law, wipe out the US's assessed UN peacekeeping contribution of nearly \$1.5bn.

The legislation would also prohibit the president from placing US troops under foreign command unless a UN deployment is necessary to protect US national security interests.

While the administration objects to these provisions, it agrees with the Republicans that the US assessment for UN peacekeeping funds, currently 31.7 per cent of the total, should be cut to 25 per cent, the level of its regular UN contributions.

Nevertheless, Ms Madeleine Albright, US ambassador to the UN, says she will ask President Bill Clinton to veto the bill if it passes both houses of Congress in its current form.

The chances that it will do so are good. In the House, the Republicans have so far shown almost total party discipline in voting for the components of the contract. In the Senate, a bill containing very similar provisions on deducting US spending on peacekeeping from the UN assessment and on prohibiting foreign command has been proposed by Senator Robert Dole, the Republican leader.



South Africa's President Nelson Mandela chips at a rock in the quarry where he worked as a prisoner during part of his 27-year incarceration. Mandela yesterday led a group of 1,200 former political prisoners in a reunion to the Robben Island prison

WTO receives first calls to settle disputes

By Guy de Jongquieres, Business Editor

Singapore and Venezuela have set in train proceedings which could trigger for the first time the World Trade Organisation's politically controversial new machinery for resolving international trade conflicts.

The two countries' trade complaints, notified to the first meeting of the WTO's dispute settlement body in Geneva yesterday, coincided with a renewed US push for rules to govern the composition and ethical conduct of trade disputes panels.

Mr Booth Gardner, US ambassador to the WTO, said his government's proposals were intended to build confidence in

the integrity and impartiality of the body, which has extensive powers to adjudicate on disagreements between WTO members.

Congressional concern that these powers could infringe on national sovereignty prompted the Clinton administration last year to set up a committee of federal judges to review all WTO rulings on disputes which involve the US.

Venezuela has complained to the WTO about recent US regulations designed to cut pollution in several large cities by requiring oil companies to sell a cleaner form of petrol, known as reformulated gasoline.

Venezuela says the regulations violate WTO rules because they set higher

standards for imported fuel than for petrol refined in the US. It claims the measures would reduce its exports to the US by 50,000 barrels a day.

Singapore is challenging licensing arrangements for polypropylene and polyethylene imports introduced by Malaysia last April. Singapore says the arrangements have led to a sharp fall in its petrochemical exports to Malaysia.

The governments involved in both disputes have agreed to consult bilaterally - a step required by WTO rules. If they fail to resolve their differences, the complainants may ask the WTO to establish disputed panels.

That would automatically trigger the

opening of formal settlement procedures, which would result in reports by the panels. The countries involved could appeal the panel rulings to a WTO appellate body, whose decision would be final.

Mr Gardner called yesterday for an "ethical code of conduct" for members of the panels, the appellate body and WTO staff involved in disputes. He also proposed that panels include experts from non-governmental organisations as well as WTO diplomats.

That demand is likely to be strongly resisted by other WTO members, which fear that it would give environmentalists and other pressure groups too big a say in international trade policy.

With taking up to US\$250,000 (\$160,000) in bribes.

A syndicate was said to be betting not only on which team would win and lose matches but also on the number of goals scored. Vana was given the money to ensure that the final tally was favourable to the syndicate.

Under this punishment, drawn up to deal with Chinese-controlled secret societies and triad gangs, players could find themselves in far-off jungle settlements for up to two years. They would not be allowed outdoors at night. Whether or not they will be allowed to play football was not disclosed.

The problems on Malaysia's pitches show signs of spreading elsewhere. Singapore, which plays in the Malaysian league, is being investigated by the island authorities after allegations of match-fixing. Abbas Sead, an Australian midfielder who played a central role in Singapore's recent league and cup victories in the Malaysian league, was interrogated by police and has had his passport impounded.

Further afield, the English Football Association is investigating allegations that syndicates run from Malaysia or Singapore have offered thousands of pounds to players in the English league to throw matches.

Malaysian football officials say their Singapore counterparts are not co-operating enough in investigating the match-fixing allegations.

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Double-edged ruling is setback for Names

By Ralph Atkins,
Insurance Correspondent

Hopes of many lossmaking Lloyd's of London members of obtaining substantial compensation through the courts may have been set back yesterday by a less-than-complete victory for Names in the latest Lloyd's related legal battle.

An association of 372 Syndicate 334 Names Association welcomed a ruling at the High Court in London that they

were entitled to damages for losses incurred by the insurance syndicate, largely as a result of US asbestos claims dating back many years. D.J. Freeman, a firm of lawyers acting for the association, said it would seek full compensation for an estimated \$90m (\$124m)

in losses. Names are individuals whose assets have traditionally supported the insurance market.

But the ruling paved the way for the Names to claim damages only against the managing agent - which ran the insurance syndicate - and not the members' agents which were responsible for placing Names on the syndicate. The court said claims against the members' agents had been made too late. That could

affect other "long-tail" cases in which Names are suing for losses on insurance policies sold several decades ago. Unless overturned on appeal, the ruling will severely restrict the number of agents that Names are able to sue.

Clyde & Co, a law firm representing the "errors and omissions" insurers - which provided cover against negligence by Lloyd's agents and whose funds will be used to meet damages awards - said the

ruling would have "a major impact" on long-tail actions. It hoped that "expectations on the part of Names' groups involved in the long-tail actions will become more realistic". By reducing the damages Names might win in court, the ruling could help efforts to reach an out-of-court agreement.

The High Court ruling, on Syndicate 334 said the members' agents owed a "duty in contract" to the Names. But

Letters, Page 9

Parties converge towards common stance on Europe

Speeches from the prime minister and chancellor have failed dismally in the past week to bridge the deep gulf that divides Conservative MPs on the European Union.

The party remains hopelessly split despite attempts to play down conflicts between the speech to the Conservative Way Forward group by Mr John Major, the premier, and the address to the European Movement by Mr Kenneth Clarke, the chancellor (chief finance minister).

But the battle in the Conservative party has overshadowed a more remarkable development: setting aside the rhetoric, the official positions of the government and the opposition Labour party appear similar on most of the main issues.

In addition to the recent speeches, the evidence lies in Mr Major's Leiden address last year and in an exposition of the Labour party's policy to the European Policy Institute two weeks ago by Mr Robin Cook, Labour's shadow foreign secretary. The evidence suggests that Lord Howe, the former Conservative deputy

prime minister, was right to suggest in a Financial Times article last month that the government could overcome its Eurosceptic minority by mobilising a cross-party majority for the Maastricht treaty. A Labour government would sign immediately, but the Conservatives are implacably opposed.

There is also some division on whether the powers of the European parliament should be increased. Mr Major says no; Labour says fresh powers should be restricted to scrutinising the European Commission.

But on other issues, Labour's rhetoric is now remarkably similar to that being used by the Conservatives.

Where the prime minister talks of the EU as an association of nation states, Mr Cook rules out "a surrender of national identity," and baldly

How the parties compare	
CON	LAB
Teading bloc?	Yes Decide in 1993
Single currency	Yes Decide in 1993
Single market	Yes Retain for vital issues
Veto	No
CAP.	Fundamental reform if justified
Referendum	Not ruled out
Euroland	Yes
Change EMU	Yes, more weight to UK
Federation	Yes, clearly unclear
Common foreign and security policy	No
Common defence policy	No
Social Charter	No
European Parliament	No No more power Retain representation

rejects "the concept of a European superstate".

Mr Major has pledged to resist any weakening of the UK's veto in the council of ministers; Labour would give up the veto on social affairs, but retain it for matters of

"vital national interest" including the budget and treaty revisions.

The parties are also close on qualified majority voting. The cabinet has agreed to oppose any reduction of the weighting of the UK vote, but accepts

that some change is essential if the EU is to be enlarged. Labour says it is "willing to make the changes necessary to enlarge the EU", but would also oppose any diminution of the UK's influence.

This narrowing of party differences could be crucial to the debate about whether the British people should be consulted in a referendum about further integration of the European Union's 15 member states.

Major has undertaken to hold a referendum if the outcome of the 1996 intergovernmental conference on European integration raises constitutional issues that require one.

Mr Tony Blair, the Labour leader, has refused to endorse a referendum despite pressure from senior figures such as Mr Bill Morris, general secretary of the TGWU, one of the largest trade unions in Britain. Aides say a judgement will be made when the details of any

changes are known. The leaders are cautious because many MPs in both parties are opposed, in part because referendums are seen as alien to parliamentary government, and in part because those who favour further integration fear that the voters might reject it.

But it will be difficult for the main parties to argue that the issue should be settled by a general election if their policies are regarded by the voters as virtually indistinguishable.

Paradoxically, only the federalist Liberal Democrats openly favour a referendum. They are seeking a referendum "before any substantial alteration of the present constitutional settlement between the EU and its member states".

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Oaks-Royce
is to sell 10 share
more jobs

Nomura slips into red for first time

By Gerard Baker
in Tokyo

The severity of the Japanese stockbroking crisis was underlined yesterday when Nomura Securities, the broker whose name was once synonymous with Japan's financial might, declared the first loss in its history.

Until yesterday, Nomura was one of the few companies to have avoided a deficit.

The company said the continuing weakness in domestic equity markets and losses in overseas subsidiaries had produced a Y20bn (£202m) pre-tax loss for the group in the 10 months to January 31.

Last October, the company forecast a consolidated profit of Y70bn for the full year to March. The group has declared a loss by US accounting principles once before, but never by Japanese rules.

The company, the largest Japanese broker, said it was

taking the unprecedented step of declaring its results for the first 10 months to dispel press speculation about the scale of its difficulties.

Nomura's pre-tax profits fell from a peak of Y45bn in 1990, to Y3.5bn in 1993, before recovering to Y50.5bn last year.

Mr Atsushi Saito, executive managing director, said a decline in commission revenues triggered by a slump in trading volumes on the Tokyo Stock Exchange had all but wiped out the parent company's domestic profits.

The parent made a pre-tax profit of Y10bn in the 10-month period, against an October forecast of Y70bn for the whole year.

Since October, the average daily value of shares traded on the TSE has been Y280bn, down from Y350bn in the first six months of the year, and well below break-even level for most stockbrokers.

Equity trading in Tokyo

peaked during the years of the "bubble economy" when asset prices in Japan soared.

Since 1990, share prices and trading volumes have collapsed. In spite of recent indications of a profits recovery on the back of a strengthening economy, there is little sign of it reaching the malaise.

Nomura's domestic difficulties are compounded by substantial losses overseas.

In the 10 months to January, the overseas subsidiaries posted a combined loss of Y20.5bn, with European units performing particularly poorly as bond and equity trading capitalised sharply.

The collapse in the Japanese equity market in the past four years has meant the country's over-published broking sector has been submerged in losses.

In spite of increasing aggressive cost cutting, which has seen staff cut by more than 10 per cent in the past two years, aggregate pre-tax losses

at the 20 leading brokers were Y3.2bn in the six months to September 1994.

Analysts were yesterday forecasting that the Nomura news spelt near-terminal problems for some of them.

If Nomura has been brought to this, then it's a certainty that many of the other brokers, especially the smaller ones, will be in severe difficulties," said Mr J. Brian Waterhouse, financial sector analyst at James Capel Pacific in Tokyo.

The Big Four - Nomura, Nikko, Yamaichi and Daiwa - are less dependent on stock trading income than smaller companies and are also better capitalised.

Others have seen their capital eroded by massive losses in the last four years.

Two years ago, Cosmo Securities and Sanyo Securities, have been rescued by related banks.

The sector's position has been further weakened by regulatory changes.

Cost-cutting boosts Toyota at interim

By Michiyo Nakamoto
in Tokyo

Toyota, Japan's largest car maker, yesterday reported a more than nine-fold increase in first-half operating profits on the strength of cost-cutting and a recovery in the Japanese market.

It was also the first time in five years that Toyota had posted an increase in pre-tax profits in the first half.

Operating profits for the parent company in the six months to December jumped to Y87.1bn (£8.81m) from Y9.3bn in the previous term as Toyota cut deeply into its cost base. Sales grew 2 per cent to Y4.07bn from Y3.87bn.

Pre-tax profits were up 79 per

cent to Y148.8bn from Y32.2bn, while net profits were 74 per cent ahead at Y68.5bn from Y39.4bn.

Toyota attributed its improved performance to cost-cutting and a recovery in domestic demand.

During the period, the company slashed Y70bn from costs after cutting Y150bn in the year to June 1994.

Toyota is continuing its cost-cutting programme and expects to see further improvements.

In Japan, where demand has been rising since the summer, Toyota saw sales increase by just over 2 per cent in unit terms.

The company last year launched a successful reintro-

duction vehicle and remodelled many of its popular models. An increase in sales contributed Y55bn to operating profits.

However, Toyota, which lost market share in Japan last year, was unable to benefit from the surge in truck sales and imports which saw the strongest growth during the year.

Its share of the car market, excluding minicars, last year was down to 41.5 per cent from 42.3 per cent.

In terms of exports, Toyota increased unit exports by almost 3 per cent, in spite of the yen's continuing strength.

Exports to North America rose 16.5 per cent as markets strengthened there.

Exports to Europe were also

up, by 11.5 per cent, although the rise is from a low base in the first half of 1993, Toyota said.

However, Toyota's performance was hit by the appreciation of the yen which contributed to a fall in operating income of Y60bn, according to the company.

Toyota is changing its year-end to March this year and will announce nine-month results to the end of March.

It has revised upwards its pre-tax profits forecast for the nine-month period to Y250bn from an initial Y200bn.

Net profits are expected to be Y120bn rather than an earlier estimate of Y100bn.

The sales forecast is unchanged at Y6,200bn.

Norwegian finance group suffers profits setback

By Karen Fossli
in Oslo

Norgeskredit, an emerging Norwegian financial services group, yesterday reported a decline in 1994 pre-tax profit to Nkr215.3m (£14.9m) from Nkr272.5m. The fall was due to lower interest income and a drop in net capital gains, and came in spite of a sharp reduction in losses on loans.

Since 1992, Norgeskredit has transformed itself from a mortgage institution to a finance group comprising Finansbanken, a mortgage company bought last November for Nkr40m, and a division which specialises in loans to the municipal sector.

The group is the first to exploit recent legislation allowing the establishment of a group of financial institutions which can own a bank.

Finansbanken is not consolidated in 1994 accounts. Taking Finansbanken into account, Norgeskredit's combined assets have risen to Nkr273.4m at the end of 1994 from Nkr19.7bn in 1992, when it began its expansion. In terms of loans, Norgeskredit has a total of Nkr23.2bn, compared with Nkr24.5bn for Fokus, Norway's third largest commercial bank.

Norgeskredit is currently undergoing an extensive streamlining and reorganisation as a result of expansion.

Net interest income last year fell to Nkr178.1m from Nkr313.7m as net capital gains were cut to Nkr19.7m from Nkr88.6. Loan losses fell sharply to Nkr11.3m from Nkr5.2m.

Norgeskredit proposed a dividend of Nkr7 a share, down from Nkr8.50 in 1993. The payout ratio for 1994, at 50 per cent of net profit, is higher than 1993's 48 per cent.

Price and volume increases help lift Stora to SKr3.21bn in 1994

By Hugh Carnegy
in Stockholm

A rapid recovery in the forestry industry was underlined yesterday when Stora, the big Swedish group, announced a six-fold increase in profits in 1994.

Preliminary figures showed profits after financial items jumped to SKr3.21bn (£425m) in the full year, from SKr529m in 1993.

The profit adjusted for non-recurring items such as capital gains, was significantly lower, at SKr2.65bn, but the scale of growth was still far ahead of underlying sales growth of just 14 per cent.

Total sales in 1994 were SKr49bn, down from SKr50.4bn, but this was mainly due to the divestment during the year of Tarkett, Europe's largest manufacturer of hard flooring.

Industry observers say prospects for 1995 are even stronger

level of the Swedish krona in 1994 and cost-cutting during the recession. But the biggest boost appeared to come from rising volumes and, in the latter part of the year, rapidly rising prices for pulp, fine papers and coated magazine papers.

Although it declined to give details until its full results are published next month, Stora said SKr1.17bn of full-year profit was earned during the fourth quarter.

Income excluding non-recurring items in the fourth quarter was SKr1.18bn.

Analysts said the result was better than expected, with forecasts mainly pitched below SKr2bn.

Stora shares rose sharply early yesterday after the figures were announced, but fell later in line with a general slide on the Stockholm stock exchange to end the day down SKr2 at SKr490.

Samsung Electronics advances

By John Burton
in Seoul

Samsung Electronics, South Korea's largest electronics company, reported a 450 per cent increase in provisional net profits for 1994 to Won10.5bn (£4.95m), due to increased exports for semiconductors.

Sales rose 31 per cent to Won11.300bn, exceeding its target for 1994 of Won10,000bn.

As the world's leading producer of dynamic random access memory (D-Ram) chips, which store computer data, Samsung benefited from rising global demand for personal computers.

Sales of Samsung semiconductors increased 61 per cent to \$4.9bn last year, accounting for 4.5 per cent of total market share worldwide, according to

Dataquest, a semiconductor market research company. The semiconductor division is estimated to account for between 70-80 per cent of Samsung's net profits, according to analysts.

The company's other main products include consumer electronics, telecommunications equipment and personal computers.

Samsung was helped by the depreciation of the Korean won against the yen, while the rise of the yen against the US dollar increased prices for Samsung's mainstay 4-megabit D-Ram chip to \$13 from \$10.

Samsung has set a sales target of Won13.200bn for 1995, including \$4.2bn in exports as global demand increases for the 16-megabit memory chip that it began to produce last

year. However, analysts expect that growth in net profits in 1995 may be sluggish, because of a 30 per cent increase in investments to Won3,000bn.

Investments include Won700bn on research and development, and Won2,300bn on production expansion.

To finance the investment, Samsung plans to issue \$700m worth of depositary receipts and bonds this year against \$500m in 1994.

LG Electronics, the new name for Goldstar Electronics, reported that net profits for 1994 increased by 98 per cent to Won130bn, as a result of higher sales of consumer electronics in Korea and brisk exports.

Sales increased by 23 per cent to Won5,300bn.

NEWS DIGEST

US cable TV groups seal QVC deal

The long-running takeover of QVC, the US home shopping TV channel, came to an end yesterday as Tele-Communications Inc (TCI) and Comcast, two leading US cable TV companies, said they controlled 98.7 per cent of QVC's equity, writes Tony Jackson in New York.

The \$1.25bn agreed deal, first announced last summer, had been held up by a challenge from the competition authorities.

The deal means that TCI, the largest US cable company, raises its stake in QVC to 43 per cent from about 30 per

cent, while Comcast, the fourth biggest operator, takes its stake to 57 per cent from 16 per cent. The two companies, which have long-standing links with QVC, bid jointly for the company last August in response to an offer from CBS, the TV network operator.

The competition challenge from the Federal Trade Commission (FTC) focused on the fact that TCI also owns a controlling stake in a rival home shopping channel, Home Shopping Network. QVC and Home Shopping control almost all the US market between them, with roughly equal shares.

Earlier this week, the FTC voted unanimously not to block the deal.

NEC and Groupe Bull in venture

NEC, the Japanese electronics group, and its affiliate comput-

er-maker Groupe Bull of France plan to sell a new very large mainframe computer in Japan and France in December 1996, writes Beate from Tokyo.

NEC said the two companies will jointly develop a next-generation version of NEC's mainframe computers, which NEC supplies to Bull on an original equipment manufacturing (OEM) basis.

NEC aims to sell about 80 new computers in Japan over the three years from December 1996.

NEC said the market trend is for open-system server computers. Earlier this month, it announced a development agreement with Hewlett-Packard, the world's leading supplier of open-systems computers.

Last December, NEC submitted a bid for a bigger stake in QVC in 1993 equal to \$250 a share.

Revenues were up 31 per cent to \$1.7bn.

INTERNATIONAL COMPANIES AND FINANCE

Swiss group to take over Trygg's US associate

By Hugh Carnegy
in Stockholm

Swiss group to take over Trygg's US associate

By Charles Batchelor,
Transport Correspondent

Eurotunnel, the Channel Tunnel operator, achieved revenues of £30.5m (\$47.5m) in 1994, its first year of operating train services, but blamed a dispute with the French and UK railways for failing to reach its revised target of nearly £35m.

The company had forecast in its May rights issue prospectus that 1994 revenues would reach £31.5m. But delays in launching services forced it to revise its forecast downwards in October. The final 1994 quarter accounted for \$22.5m of total revenues.

The knock-on effect of the delays will mean that train and revenue levels in 1995 will also be lower than first forecast.

However, the company said it hoped that before the year-end shuttle traffic volumes would reach the monthly levels implied in the prospectus.

In spite of the loss of revenues, Eurotunnel's cash position at the end of 1994 was only £11m less than forecast in the prospectus. The company had about £200m remaining from the £250m of equity raised and all of the £60m of promised bank loans.

In addition to earnings from

ticket sales, Eurotunnel received £10m from the railways to increase their payments to the level of an agreed minimum usage charge.

But there is a dispute over a further payment to which Eurotunnel believes it is entitled under this arrangement.

British Rail and SNCF French Railways maintain they were not required to pay the full charge until the date they launched commercial Eurostar services on November 14. Eurotunnel believes payments should have started earlier.

Eurotunnel's shares closed down FFr2.45 at FFr2.15 in Paris.

Eurotunnel misses target

The next months are critical, writes Charles Batchelor

operations and the fees paid by the railways for running the Eurostar services exceed operating costs.

• Cash flows into the company exceed capital outgoings to TML, the consortium which built the tunnel, and to suppliers of rolling stock and other

The tunnel operator will be able to judge from the Easter and summer peaks whether its services appeal to travellers

COMPANY NEWS: UK

Provision for bad and doubtful debts cut by £368m

Lloyds Bank improves 26%

By John Gapper,
Banking Editor

Lloyds Bank yesterday pleased the market by announcing a 26 per cent rise in pre-tax profits from £1.03bn to £1.3bn, as its retail banking business showed signs of resumed growth.

The outcome was buoyed by a 73 per cent decline from £503m to £135m in provisions for bad and doubtful debts.

Lloyds' shares rose 10p to 100p, prompting sympathetic gains among the other clearers, after the bank disclosed that its domestic net interest margin widened slightly in the year to December 31, and new mortgage lending rose 21 per cent, contributing to a 1 per cent rise in its domestic assets.

Sir Brian Pitman, chief executive, said Lloyds was starting the year "with a tailwind" for the first time in three years because customer balances were rising and there had been a "pick-up" in lending to small businesses.

Sir Robin Ibbes, chairman, indicated that the bank would not make further acquisitions until the completion of its £1.8bn purchase of Cheltenham & Gloucester Building Society, due this autumn after a vote of C&G members in the spring.

Sir Robin, who declined to discuss whether Lloyds might buy the outstanding 37 per cent of Lloyds Abbey Life, said it was "always wise to complete the task in hand before

rushing eagerly on to a new one".

The bank said there were "no plans for any issue of equity" to fund the purchase, although it is expected to reduce the tier 1 ratio of core capital to risk-weighted assets from 7.8 per cent to 5 per cent.

Sir Brian said that, without the C&G acquisition, Lloyds would already have become over-capitalised. Shareholders' equity grew by 20 per cent to £3.66bn, and it raised an additional £300m in loan capital.

The final dividend is 10.3p, making 25.8p (22.1p) for the year, a rise of 17 per cent. Earnings per share rose 30 per cent to 61.7p (47.4p) and post-tax return on shareholders' funds rose to 23.7 per cent (21 per cent).

Staff received £24m (23.7m) under the bank's profit-related pay scheme, and it will introduce a separate government-backed profit-related scheme from April. However, unions called for staff to receive further benefits from profits.

Although the trading surplus of income over expenditure fell by 6 per cent, from £1.81bn to £1.41bn, operating profits, boosted by the lower bad debt provision, improved 27 per cent to £1.28bn (£1.01bn).

Profits before tax in the UK retail banking and insurance division rose to £27.7m (£31.9m), while corporate banking and treasury contributed £302m (£280m) and private banking



Sir Robin Ibbes: keen to complete 'task in hand'

and financial services £96m (£93m). Pre-tax profits from international banking fell from £153m to £12m, partly due to a loss on a government securities portfolio held by Banco Multiple, a Brazilian associate, and lower dealing profits elsewhere.

See Lex

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defections
brain drain

FINANCIAL TIMES WEEKEND FEBRUARY 11/FEBRUARY 12 1995 *

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Analysts welcome shake-out

Metal markets ended the week in a nervous state after a few days of what one trader described as "carnage."

Investment funds started to pull some of their money out of commodities and caused very sharp price falls. However, London Metal Exchange prices recovered late in the week and were helped again yesterday by substantial falls reported in LME stocks - which indicated that demand for physical metal remains solid.

Nevertheless, the underlying fundamentals still remain strong for all the metals. Consumption growth shows no signs yet of easing in any of the main markets."

Mr Lennox says the funds probably still have some selling to do. On balance, it is likely that the present price rally will be short-lived and a further sell-off will take prices to below fair values currently justified by the fundamentals."

Mr Ted Arnold, analyst at the Merrill Lynch financial services group, also suggests that "there might be some good price rallies left in metals markets but they will be seen as opportunities to sell. I think the bear market is here."

At Ord Minnett, an associate of Jardine Fleming, Mr Nick Moore suggests the present market situation is "a bit like watching a man on a tightrope - will he fall or will he make it across?" Mr Moore says the metals price fall was "a much needed dose of sobriety." It was not just a correction but "a de-rating of metal prices." He suggests that prices might fall by 20 to 30 per cent from the peaks they reached in mid January. But this would still leave them at levels very profitable for producers.

While LME stock figures yesterday showed falls for all metals, the International Primary Aluminium Institute surprised the market with statistics showing that total aluminium stocks at western smelters rose to 3.59m tonnes in December.

They moved this week having decided to shift some of their money into reviving bonds and equity markets. The "sell" signals seem to have been triggered late on February 3 by employment statistics which

indicated US economic growth was slowing at last. There was also concern that recent increases in US interest rates would hit big metal users, the car and construction industries.

Many analysts welcomed the shake-out in metal prices as overdone because markets had become overheated and needed to cool down. Mr Jim Lennox, analyst at Macquarie Banking, part of the Australian banking group, said: "It brings some semblance of reality back to markets which had been driven too far upwards by speculative buying."

"Nevertheless, the underlying fundamentals still remain strong for all the metals. Consumption growth shows no signs yet of easing in any of the main markets."

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level on Monday morning, at US\$2,874.50 a tonne. In comparison, nickel lost 11.8 per cent of its LME value over the week to close at \$8,553 a tonne.

Among the other LME metals, tin was down 2.15 per cent over the week, lead was down 6.1 per cent, zinc lost 7.6 per cent and aluminium ended 8.18 per cent down.

Metal prices have been heavily influenced over the last 15 months by investment funds, based mainly in the US. It was to be expected that at some point they would take their profits - \$1,000 a tonne on some metals - and quit the markets.

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Kenneth Gooding

WEEKLY PRICE CHANGES

	Latest price	Change on week %	Year ago	Open Int.	Open Int. Vol.
Gold per Troy oz.	\$870.75	-0.70	\$880.50	800,000	
Silver per Troy oz.	205.50	+4.85	350.00	384,500	289,650
Aluminium 99.7% (sheet)	\$1910.0	-174.5	\$1910.0	1,000	1,000
Copper Grade A (cwt)	\$2894.5	-10.75	\$2900.00	303,000	\$1711.50
Lead (cwt)	\$374.5	-4.25	\$375.00	1,000	1,000
tin (cwt)	\$10,075	-1,075	\$10,000	1,000	1,000
Zinc (cwt)	\$10,075	-1,075	\$10,000	1,000	1,000
Nickel (cwt)	\$240.0	-11.0	\$240.00	1,000	1,000
Zinc (99.9% cwt)	\$116.0	-11.0	\$116.00	1,000	1,000
Tin (cwt)	\$576.75	-57.75	\$634.00	1,000	1,000
Copper (LME)	\$240.0	-11.0	\$240.00	1,000	1,000
Lead (LME)	\$120.0	-12.0	\$120.00	1,000	1,000
Zinc (LME)	\$120.0	-12.0	\$120.00	1,000	1,000
Nickel (LME)	\$116.0	-11.0	\$116.00	1,000	1,000
tin (LME)	\$576.75	-57.75	\$634.00	1,000	1,000
Copper (Grade A)	\$240.0	-11.0	\$240.00	1,000	1,000
tin (Grade A)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade B)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade C)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade D)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade E)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade F)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade G)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade H)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade I)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade J)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade K)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade L)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade M)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade N)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade O)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade P)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade Q)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade R)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade S)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade T)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade U)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade V)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade W)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade X)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade Y)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade Z)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AA)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AB)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AC)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AD)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AE)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AF)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AG)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AH)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AI)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AJ)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AK)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AL)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AM)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AN)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AO)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AP)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AQ)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AR)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AS)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AT)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AU)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AV)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AW)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AX)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AZ)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AA)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AB)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AC)	\$576.75	-57.75	\$634.00	1,000	1,000
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tin (Grade AP)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AQ)	\$576.75	-57.75	\$634.00	1,000	1,000
tin (Grade AR)	\$576.75	-57.75	\$634.00		

FINANCIAL TIMES

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Perspective on a panic

Pity Mexico, so far from God and so near to the US. But we now know that its profligacy to its mighty neighbour is not without advantages. No other emerging market can hope to be rewarded for its follies with a rescue package of \$50bn, including \$17bn from the International Monetary Fund – almost a fifth of the latter's liquid resources and seven times Mexico's quota. Naturally, investors would like to believe that the strong arm of the US Treasury, the Federal Reserve, the IMF and the Bank for International Settlements stand behind all their emerging market investments in this way. It would be foolish for them to do so. They should take a long and careful look at the fundamentals instead. If they do so, they should feel a little better.

Such a long hard look has already been taken, for it is striking how the performance of emerging markets has diverged since December 20, the date of Mexico's botched devaluation. The Baring Securities emerging markets index fell 17 per cent in dollar terms between December 19, 1994 and February 9, 1995. Over the same period the Mexico index declined 43 per cent.

The big contrast in recent months is, as one might expect, between Asian and Latin American markets. Between December 19, 1994 and February 9, 1995, the Baring Securities index for Asia declined by 2 per cent. During the same period the Latin American index fell 29 per cent.

All losses are painful. But they are a natural part of investment, particularly in frothy, ill-regulated markets such as these. People who cannot bear to see the prices of investments decline should put their money on deposit and watch themselves become relatively poor. It is also important to put recent losses in the more encouraging, longer-term perspective. Since January 1991, the IFC emerging markets index is still up 68 per cent. That for Asia is up 57.4 per cent, while for Latin America it is up 223 per cent. Even Mexico's index is up 64 per cent.

Systemic crisis

This performance makes it more difficult to understand why Mexico's difficulties allegedly threatened a global systemic financial crisis. Yet it is this fear that Mr Michel Camdeus, the IMF's director-general, and Mr Alan Greenspan, chairman of the Federal Reserve, use as an argument for the extraordinary package put together to help Mexico. Perhaps a systemic crisis should be defined as one that worried Washington.

The problem was, of course, not in equities but in the market for

short-term, fixed-income, dollar securities – the *tesobonos*. But Mexico was uniquely vulnerable to such a liquidity crisis; it had an exceptionally large current account deficit of 7% per cent of GDP in 1994; and 65 per cent of all its borrowings were short term.

The reason the current account deficit matters is that the contraction in external borrowing may have damaging consequences for domestic financial stability and economic growth. Mexico's current account deficit in 1994 was not just two-thirds of the total current account deficit of Latin America, but almost 60 per cent of the combined current account deficits of all the major emerging markets of the Asia-Pacific region plus those of Latin America.

Resource flow

Also important is the role of short-term borrowing, which is where liquidity problems are most likely to arise in most developing countries, this has played a relatively minor role. Between 1993 and 1994, the outstanding stock of short-term debt held by all developing countries rose only \$17bn.

Meanwhile, the total net long-term resource flow to developing countries is estimated by the World Bank to have been \$227bn in 1994, 34 per cent of it in direct investment, 17 per cent of it in portfolio equity, and 35 per cent of it in long-term debt. Even after allowing for interest and dividends the net transfer was \$137bn, far larger than the net increase in short-term debt.

The big returns that were enjoyed in investment in emerging markets in the early 1990s will hardly be the norm. Some of the conditions for those returns were exceptional – particularly the low short-term interest rates pushed US investors into mutual funds. For all that, Mexico, if not unique, is at least unusual in its low rate of savings, poor long-term economic performance, huge borrowings from abroad and reliance on short-term finance, just as it is unusual in the willingness of powerful institutions to bail it out under spurious pretences.

Investors must never forget that underlying the seductive story about investment in emerging markets has been the transformation of policies and the remarkable economic successes of many developing countries, particularly in east Asia. Chile shows that success is possible in Latin America too, if a country sticks to superior policies over long periods. None of this is threatened by anything that is happening to Mexico, or elsewhere. A diversified portfolio of emerging markets must remain an attractive punt on the world economy of tomorrow.

The British prime minister calls it "one of the most dangerous propositions ever put before the British nation" and says it would lead to the break-up of the United Kingdom. The Labour party says it is essential in order to keep the UK intact.

The proposition is Labour's plan to legislate in the first parliamentary session after coming to office, to set up a Scottish parliament to handle Scotland's internal affairs.

The devolution of power from Westminster to Edinburgh is certain to be a focus of intense controversy at the next general election. It raises important political issues for the whole of Britain and pressing economic questions for Scotland.

Not surprisingly, the heads of Scotland's main companies and financial institutions are anxious about studying Labour's plans. They fear a change in Scotland's constitutional position could have far-reaching consequences for business – especially if it means higher taxes.

Unlike many other European regions Scotland does not have its own assembly: this is because in 1707 the parliaments of England and Scotland agreed to merge under the Act of Union. Scotland kept its education and legal systems and its Presbyterian church as the established church. It now has administrative devolution through the Scottish Office, which reports to the secretary of state for Scotland.

A struggle for home rule has been going on in Scotland for most of this century. It came close to success under the Liberals on the eve of the first world war. In 1978 Labour passed an act setting up a Scottish assembly, but it failed to win the required level of support in a referendum, which was higher than simple majority.

The present movement for a Scottish parliament got under way in the late 1980s, fuelled by the Conservative government's imposition on Scotland of Thatcherite policies on most local voters rejected. Labour, the largest Scottish party, was worried about the threat to its vote posed by the Scottish National party, which wants outright independence.

An opinion poll in the Glasgow Herald this week differed little from its predecessors over the past decade in showing that about 50 per cent of Scots asked wanted devolution, 30 per cent independence and 20 per cent the status quo, though only 15 per cent put constitutional change at the top of their priorities.

The scheme that Labour would implement involves a Scottish parliament that would have responsibility for all matters currently dealt with by the Scottish Office – such as education, health, local government, economic development and agriculture. Macro-economic policy, foreign affairs and social security would be left to Westminster.

There would be a Scottish executive whose leader would probably be styled premier. According to the proposals of the Scottish constitutional convention (a grouping dominated by Labour and the Liberal Democrats but boycotted by the Conservatives and the SNP), the parliament would have 112 members.

Supporters of a Scottish parliament say its creation would make the government of Scotland more democratic. It would also "give Scotland the vitality that other European regions which have assemblies enjoy but Scotland lacks", says Mr George Robertson, Labour's shadow Scottish secretary.

But it would have profound consequences outside Scotland.

Calls for a degree of autonomy for Scotland could have profound consequences for the UK, says James Buxton

Coming apart at the seams

Labour's plan is that the new Scottish parliament would be followed by a legislative assembly for Wales, and by assemblies (but without legislative powers) for those regions of England that wanted them. Scotland would continue to send 72 MPs to Westminster (49 of whom are currently Labour).

Mr Tam Dalyell, the Labour MP, has infuriated his party by asking: "How do you have a subordinate parliament in part of a unitary state?" He asks whether English voters would tolerate a situation whereby Scottish MPs could vote on English domestic issues but English MPs had no say on Scottish ones (the so-called West Lothian question, named after the constituency Mr Dalyell represented when he first posed it).

Mr Robertson replies that the setting up of a Scottish parliament will be part of a rolling process of decentralisation. The question of regional representation at Westminster would not be dealt with until the process was complete; in the meantime anomalies would be inevitable.

But a future Conservative government could tackle the West Lothian question either by reducing the number of Scottish MPs at Westminster (the size of Scotland's population merits 57) or restricting the subjects on which they could vote.

Inevitably, therefore, the establishment of a Scottish parliament would not be a stable settlement. And further instability could be generated by the new financial relationship between Westminster and the Edinburgh parliament.

The Scottish parliament's room for manoeuvre would be tightly constrained. Labour intends that it would be assigned all income tax and Value Added Tax raised in Scotland. However, these revenues, plus local government taxes, net only 26 per cent of the Scottish Office budget in 1990/91 (the last time the question was examined in detail). Under Labour's plan, the Scottish parliament's funds would be topped up with an equalisation grant from Westminster.

The Scottish parliament would also have the power to "vary" income tax in Scotland by 3p in the pound. But it still would be largely dependent on Westminster to maintain public expenditure at its current level. Scotland would therefore be unlikely to break free of Whitehall control, since the Treasury would still want to assess Scotland's lands to calculate the equalisation grant.

Mr Robertson says the Scottish parliament's powers to vary income tax would be used only "sparingly". But it seems unlikely that the Treasury would continue to top up Scotland's budget if the country tried to give itself an advantage over the rest of the UK by reducing Scottish income tax.

In practice, therefore, the parliament would have freedom only to



increase tax rates. That might be attractive to Scottish politicians and keep to expand health services and education. However, if the Scottish parliament had levied the extra 3p in the pound in 1990/91, it would have yielded only an extra £26m, equivalent to 4.2 per cent of

About 50 per cent of Scots want devolution and 30 per cent want independence

devolved expenditure.

Yet the consequences of such tax changes could be considerable for the Scottish economy. Sir Bruce Patullo, governor (chairman) of the Bank of Scotland, recently urged the Scottish financial community to

impress on Labour that it do nothing to put Scottish companies and institutions at a competitive disadvantage in the UK.

Scotland is far from being the most deprived region of the UK that it is often perceived to be, particularly by Scots themselves. In 1993 it had gross domestic product per head higher than any region except East Anglia and the south east of England (without taking account of North Sea oil revenues which are not allocated to any region).

It used to be said that when the British economy suffered a cold Scottish caught flu, and that was certainly the case in the recession at the beginning of the 1980s. But in the 1990-1991 recession Scotland's GDP continued to grow by about 1 per cent a year while the UK as a whole suffered negative growth.

Furthermore, in 1991 Scottish unemployment dropped below the

UK average for the first time since the 1920s and is currently just beneath it, though still at the high level of 8.5 per cent.

Scotland came through the recession with much less pain than southern England partly because the preceding boom was less intense in the north, and its consumers and home owners took on much less debt. But it was also because of structural changes in the Scottish economy.

Most heavy industry disappeared in the 1980s leaving Scotland with an economic base very similar to that of the UK as a whole, but with a slightly bigger public sector, reflecting higher spending on health and education. Financial and business services now account for almost as much of Scotland's GDP as manufacturing.

Heavy industry has been replaced by a strong electronics and computer industry based largely on inward investment from the US and Japan. Thanks mainly to exports from companies like Compaq and IBM, manufacturing output in Scotland in the year to September 1994 rose faster than that of the UK as a whole. But Scotland is weak in generating new indigenous businesses.

Leading companies have warned Labour that a higher Scottish income tax would harm business and discourage inward investment, though they have been reassured by Mr Robertson that Labour has no plans for a separate Scottish corporation tax or a different regulatory regime for financial services.

Andrew Bain, professor of economics at Glasgow university, wrote recently that provided tax rates were only varied within narrow limits, a devolved structure for Scotland "need not necessarily have any significant positive or negative effects on the Scottish financial sector".

But he also warned that it was important that devolution was not seen as a step on the road to full independence and did not arouse the resentment of the English. He thus touched on the so-called "slippery slope" argument: that a devolved Scottish parliament would lead to disillusionment in Scotland and serious disagreements with London, which would be exploited by the Scottish National party to achieve full independence. Indeed Mr Alex Salmond, SNP leader, says this would be his strategy.

Conversely, supporters of the status quo worry that a Scottish parliament could reduce Scotland's significance in the UK. As Sir Gerald Elliot, former chairman of Christian Salvesen, the distribution group, argues: "The main ingredient of our success is perhaps that we exploit to the full our privileged position as a small but enterprising minority within the UK framework."

That trick might be harder to sustain if there were fewer Scottish MPs at Westminster and no Scottish secretary in the UK cabinet to press Scotland's case for special treatment (but the role would be difficult to justify if there were also a Scottish premier). A senior figure in Scottish finance has warned: "Eventually the English would say: 'Don't worry me, now you've got your ball, go and play on the back pitch'."

Prof Bain says there would be no fears of instability or English resentment if Scotland were "accorded the same powers – no more no less – than other regions". But that is not what Labour is offering.

* *Scotland and the Union*, edited by Patrick Hodge. Published by the David Hume Institute, Edinburgh.

MAN IN THE NEWS: Sandy Wilson

A homemaker bails out



review of forces pay due in the spring may result in higher performance-related pay for senior officers. And the perks are widely spread. The MoD owns 78 luxury properties used by officers. They are valued between £200,000 and £500,000 and with their large staffs cost almost £10m a year to run.

Some also see a hidden agenda to attack the RAF itself. While Sir Peter Harding of the RAF was chief of the defence staff, the air force was protected from some of the worst of the cuts in the Options for Change review which came at the end of the cold war. After revelations about Sir Peter's affair with Lady Buck last spring and his subsequent resignation, those who think the RAF is due for a shake-up have seized their chance.

The RAF's opponents argue that such incidents are evidence of a management problem in the air force. Unlike the other two forces, where field command means that it is difficult to hide personal management deficiencies for long, it is possible to rise within the RAF without being put seriously to the test. The air force's centralised structure means that it can be run by a small coterie of decision takers. Promotion is also decided by a small group and the RAF frowns more heavily on dissent than even the other services. As a result no one who speaks out of turn gets promoted beyond the level of Group Captain, the equivalent of a colonel. The consequence, say the critics, is a small band of yes men at the top of the RAF who are very defensive and poor managers.

It would be easy to dismiss such criticism were it not confirmed by current and retired RAF officers. Of course, they say, there are exceptions, but in general the standard of the RAF's top leadership falls below that of the other services. The attitude which led Sir Sandy to spend, spend, spend while all about him were losing their budgets suggest the critics may be right.

Those fond of conspiracy theories do see method behind the crack-down. In the kerfuffle over executive pay, lavish perks handed out to public servants are clearly a sensitive issue – particularly since a

further to become commander in chief of RAF Germany, where he oversaw the first stages of the rundown of the RAF there, and then to his last job as head of the recently combined personnel and training command, the second most senior post in the RAF.

He is not, according to several

RAF officers who encountered him over the years, a particularly easy man to work for. Ambitious and determined, his ascent of the greasy pole seems to have left a residue of bitterness and bruises among colleagues. Some, however, have sympathy with Sir Sandy as a victim of circumstances that could have affected a number of senior officers; Sir Sandy happened to be standing in the wrong place at the wrong time.

The attitude which led Sir Sandy to spend, spend, spend while all about him were losing their budgets suggest the critics may be right.

Bernard Gray

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On a clear day, you can see the outskirts of Damascus from Avital peak on the Golan Heights. You would be sharing the view with eagles soaring overhead and one of the Israeli army's most sophisticated eavesdropping and look-out complexes, there to detect any sign of attack by Syria.

The dispute over this fertile volcanic plateau, crisscrossed with anti-tank ditches and the debris of battles past, is emerging as another threat to Middle East peace hopes, at present it is as intractable as the confrontation between Israelis and Palestinians over control of the West Bank.

Israel conquered the Golan in the 1967 six-day war and retained it against a Syrian onslaught in the 1973 Yom Kippur war. "We are psychotic over the Golan as long as there is even an inkling of a military threat," says one Israeli officer in Avital. "You could say that we keep this as a fully-loaded mountain."

Syria, which wants to recover the Golan as a matter of national pride, is prepared to accept a full peace with Israel, including diplomatic relations and open borders, in exchange for a total Israeli withdrawal from the heights.

Mr Farouq al-Sharaa, Syrian foreign minister, said publicly in Washington last October that President Hafez al-Assad had made "a strategic choice for peace".

Israel and Syria have had 14 full meetings and several informal contacts since a Middle East conference in 1991, but senior Arab and Israeli officials

The rough road to Damascus

Faster progress in Israeli-Syrian talks is seen as vital for Middle East peace, says David Gardner

say little progress has been made towards an agreement between the two countries.

"Neither side has stated exactly what it wants," says Mr Osama el-Baz, political adviser to President Hosni Mubarak of Egypt, which is playing a pivotal mediating role following its peace with Israel in 1979.

The impasse is dangerous, and not just because leaving out an important Arab country such as Syria would cast a shadow over any "comprehensive" peace deal for the region.

Damascus hosts the rejectionist factions of the Palestine Liberation Organisation, as well as Moslem fundamentalist groups from the Israeli-occupied territories; these include Islamic Jihad, which carried out the suicide bombing north of Tel Aviv last month that froze the already faltering Israel-PLO peace process.

Moreover, through Syria's de facto control of Lebanon, Damascus is encouraging reinvigorated attacks by Hizbollah, the Iranian-backed Islamic fundamentalist militia, on the area of south Lebanon controlled by Israeli troops as a buffer zone, just across the narrow Huleh valley from the Golan. For the first time, secular PLO radicals such as the Damascus-based PFLP-General Command are fighting along-

side the Islamic radicals in the "security zone".

"The Iranians are trying to draw Israel into a major land operation which will further discredit the peace process," says a senior Israeli intelligence official. Syria, he says, "wants a war of attrition before we sit down to do business, and this we are not going to allow". A senior field commander at Avital adds: "Assad cannot continue to sponsor Hizbollah in Lebanon and get back the Golan."

Thus, although the Golan itself has been quiet since the 1974 US-negotiated ceasefire, Israeli retention of the heights provides the motive for Syria's sponsorship of fighting on Israel's northern borders and attacks

by Islamic radicals inside Israel aimed at scuppering the whole peace process.

Apart from its claim to the Golan, the Syrian government resents Israeli success in bolstering its negotiating position by dealing with its Arab opponents one by one. Syria was part of the original Madrid talks which signalled the beginning of the Israeli-PLO rapprochement, and it initially ensured that negotiations proceeded at its own slow pace. Damascus was therefore shocked when Jordan reached a separate peace with Israel, which Israeli officials consider a triumph in bringing pressure on the PLO and Syria.

But the Israeli government is far from unanimous on how to deal with Syria. Mr Shimon Peres, Israel's foreign minister and peace architect, is said to be aware of the danger of turning Syria into a "strategic widow", while Mr Rabin is reported by one of his aides as saying the Syrians "can spin in the wind like (the energy-generating) propellers" on the Golan if they will not do business on Israel's terms.

Some Israeli officials argue that it would be too much for Israel's security-obsessed population to give up most of the West Bank to the incipient Palestinian Authority, and to surrender the Golan as well. The



Syrian President Hafez al-Assad (centre), Yitzhak Rabin of Israel (left) and Yasser Arafat of the PLO

Heights are home to more than 20,000 Israeli settlers in 33 communities. In Israel, furthermore, where Mr Rabin has promised a referendum on any eventual deal, right-wing resistance to a handing over of the Golan is increasing.

In theory, returning the Golan should be easier than giving up the West Bank, which Zionist zealots consider the biblical heartland of Judaea and Samaria - because Israel has no ideological claim on the Heights. There is a

strong emotive link, because around two-thirds of Israel's casualties in 1967 and 1973 fell in the Golan. But Israel's future security needs are as likely to be met by a US-mooted plan to upgrade anti-missile defences as by control of a few hills.

The veteran Israeli commander at Avital, himself a Golan settler, would exchange the Golan for peace. "There's no question about it," he insists, "the strategic aim of Israel is peace. But it has to be

step-by-step, and you never turn your back."

Yet neither side appears capable of making the first move. "We don't understand each other's minds," says Mr Yehoyada Haim, head of political research at the Israeli foreign ministry.

Israeli officials believe that Mr Assad will want to settle with Mr Rabin's Labour-led coalition, rather than risk victory in elections due next year by the right-wing Likud, and conceivably a Republican

administration in Washington. Arab commentators are not so sure. Mr Assad, they say, is a man accustomed to biding his time.

"Assad is worried as to whether Rabin can deliver, given that he hasn't been able to deliver with PLO leader Yassir Arafat," on the Palestine autonomy package, says a senior Egyptian foreign ministry official.

Against this darkening prospect, Mr el-Baz, whose government hosted last week's unprecedented Cairo summit of Egypt, Israel, Jordan and the PLO in an attempt to give momentum to the peace process, is calling for the US to arbitrate in a Camp David-style negotiation between Syria and Israel, just as the Carter administration mediated the Israel-Egypt peace.

In an interview with the FT this week, Mr el-Baz warned that "if progress is stalled on either the Palestinian or Syrian [peace] track, that doesn't mean we stay where we are; we could have a very serious regression and be back to square one."

"If Israel stalls," he argues, "how can Syria then stop the rejectionist organisations among the Palestinians and Lebanon from going underground?" He believes there are enough ideas on both sides for the US to produce drafts of an agreement that would synthesise the Israeli and Syrian positions.

Washington alone, says Mr el-Baz, commands enough clout and stick to induce an agreement.

You decide to buy a Buick and are given a Volkswagen instead. This is how US Senator Wendell Ford has characterised the increasingly common airline practice of booking their own passengers on to flights operated by other companies.

The arrangement is known as code sharing since it allows one airline to put its company code on a flight flown by another carrier. The advantage to the first airline is that it can sell tickets to the flight without having to operate the aircraft - and offer passengers a more extensive service without investing in new routes.

In a 1993 letter to Mr Frederick Pena, US transportation secretary, Senator Ford said: "I, for one, am rapidly coming to the conclusion that code sharing may be the consumer rip-off of the decade. On its face, code sharing is inherently dishonest. It is a legal way of advertising one product, but then selling another. In virtually any other area of the economy, it would be fraud to engage in such a practice."

Despite such misgivings, the number of code-sharing agreements is rising fast. Between 1987 and February 1993, the US Department of Transportation approved 39 international code-share arrangements; a year later, the number had risen to 33.

Earlier this month, Virgin Atlantic of the UK and Delta Air Lines of the US received US government approval for a code-sharing agreement. Other prominent code sharers are British Airways and USAir, and KLM of the Netherlands and Northwest Airlines of the US.

The agreement between BA and USAir, for example, allows the UK company to offer flights from Heathrow to a large US city on its own aircraft. Passengers can then transfer to a USAir flight and travel to another US destination that BA does not serve.

Apart from avoiding the expense of setting up new routes, code sharing allows airlines to overcome regulatory hurdles, that prevent them flying to certain destinations.

Delta, for example, currently flies to London's Gatwick Airport. It cannot get UK government permission to fly to Heathrow, which it would prefer. Its code-sharing agreement with Virgin, however, means it can sell seats on the UK carrier's flights into Heathrow.

Airlines that have code-sharing arrangements insist they are good for customers too. The agreements usually involve luggage being checked through to the final destination even though the passenger has to change flights and airlines. Frequent flyer points are often transferred between code-sharing partners.

Customers, however, are sometimes surprised to find that they are flying part of their trip on one airline and the rest on its code-sharing partner. The US Department of Transportation says it has received complaints from passengers who

Misguided code of conduct

Michael Skapinker explains how airlines share passengers with other carriers



objected to finding themselves on an airline they would not have chosen themselves. They also complain when the change means transferring from a jet aircraft to a turboprop.

One of the fiercest critics of code-sharing is American Airlines. Although the company now accepts that code-sharing is here to stay, and has concluded agreements with several airlines, it still thinks the system is wrong. "It's anti-competitive and deceptive to passengers," the airline said.

Other airlines that now champion the system opposed it in the past. Both BA and KLM described code sharing as "deceptive" in 1984, according to research by Mr Barry Humphreys, head of air services policy at the UK's Civil Aviation Authority.

The UK Air Transport Users Council, a consumer organisation representing air travellers, was also an early critic of code sharing. But Mr Tony Hockley, the council's economic adviser, says it is now more relaxed about the subject. Airlines appear to be making a greater effort to tell passengers that they will have to make part of their journey on a different airline, he says.

However, a spot check by the FT this

week indicated that, while airlines might be making more of an effort to tell customers they would have to change airlines, travel agents are not.

A London-based reservations employee of United Airlines of the US, asked about flights from New York's JFK airport to Glasgow, said without prompting that the final leg of the journey would be on a British Midland flight. Similarly, BA reservations said that a flight from Heathrow to Cleveland, Ohio, would involve switching to USAir in Philadelphia.

But inquiries to travel agents about the same flight were less encouraging. One said it would involve changing aircraft but that she would have to telephone BA to find out what airline would fly the second part of the journey. A call to another elicited the incorrect information that BA went all the way to Cleveland.

The US transportation department found that in 200 fast calls to airlines and travel agents, inadequate information was given in 80 per cent of cases. The CAA last September telephoned 20 airlines offering code-sharing from the UK and found 60 per cent did not say that another carrier would provide the second part of the journey.

In the US, airlines are required to provide customers with information about code sharing. The US government is now considering extending the rules to travel agents. The European Commission is studying what should be done in Europe.

Poor information to customers is only one criticism made of code sharing. A second is that it is anti-competitive: if two airlines operate on a thin-lined route and they reach a code-sharing agreement, one is likely to drop out.

When Delta reached a code-sharing agreement with Sabena, the Belgian carrier stopped flying from Brussels to Atlanta - a route both airlines had previously served. Delta stopped flying from Budapest to JFK after concluding a code-sharing deal with Malév, the Hungarian carrier which served the route.

Mr Michael Medavott, Delta's vice-president for Europe, denies, however, that this indicates that code sharing is anti-competitive.

There were too many seats chasing too few customers on both these routes, he said. Having reduced capacity, the code-sharing partners still competed fiercely with one another to sell seats on the flights they now shared.

Mr Humphreys' personal view is that code sharing might be more trouble to the airlines than it is worth. Airlines could agree to co-ordinate flights, check bags to final destinations and have cross-membership of frequent flyer programmes without code sharing, which requires government approval.

He says: "Code sharing has often been criticised for misleading the travelling public. Perhaps in reality it is some of the airlines that are misleading themselves."

However, it is baffling to hear monetary union

Football hooliganism is back in the headlines.

From Europe to South America, the sports pages of daily newspapers are full of reports of violent acts perpetrated by soccer fans.

The current spate of reports began two weeks ago with the stabbing to death of a fan in Genoa. Since then, incidents in Chile to France have received widespread coverage.

In the UK, media interest has been aroused by two incidents in particular: an attack on a referee carried out by a Blackburn Rovers fan and an episode in London when Chelsea and Millwall fans invaded the field to fight each other and attack players.

On the face of it, football appears to be returning to the situation prevailing in the 1970s and 1980s, which culminated in 1985 in the worst-ever episode of football hooliganism when 38 Italian fans died at the Heysel Stadium in Brussels after a charge by Liverpool supporters. But is soccer violence really making a come-back?

It is certainly true that the number of incidents has declined since the 1980s when the UK was the main exporter of football violence and hooliganism became known as "the British disease".

Last year's World Cup in the US was vandal-free, although the Americans had worried for years and hired a former Central Intelligence Agency official to take charge of security. Instead, Dutch and Irish fans hugged and exchanged shirts in Orlando.

Even the UK has appeared to be getting on top of the problem. The improvement began after 25 Liverpool fans were crushed to death at a game in 1989. Measures were introduced to make grounds safer. Fences in UK grounds were pulled down. The Taylor Report, written in 1990, forced clubs in the top two divisions to introduce all-seater stadiums. Ticket prices rose as clubs rebuilt their grounds.

Fifa, football's international governing body, made all-seater stadiums compulsory for World Cup qualifying matches. The end result of all this was to make British stadiums

Media interest in soccer violence has revived, says Simon Kuper

Spotlight back on ruffians



A fan is escorted from a Turkish pitch: is violence rising again?

smarter and safer.

But violence continued at a lower level of intensity, although it was forced outside the grounds themselves. Between 1990 and 1994, British transport police recorded 655 incidents of violence and misbehaviour involving fans.

Few of these incidents made the papers, however. This lack of coverage resulted in a belief that hooliganism had been stamped out.

As Professor Eric Dunning, a sociologist at Leicester University, says: "Hooliganism has never been away. But in contrast to the 1980s and 1970s, when you might say it was overreported, since 1990 it has been underreported."

In November 1990, Mr John Major, a Chelsea fan, became prime minister. With Mrs Thatcher gone, the British government had itself begun to pay

less attention to the problem.

But violence continued at a lower level of intensity, although it was forced outside the grounds themselves. Between 1990 and 1994, British transport police recorded 655 incidents of violence and misbehaviour involving fans.

Few of these incidents made the papers, however. This lack of coverage resulted in a belief that hooliganism had been stamped out.

So the government dropped Part I of its Football Spectators Bill. With no further solutions to offer, it recommended that English clubs be readmitted to European competitions from which they were banned in 1985.

This means the news is bad: bribes, drugs, backhanders, and Eric Cantona, the Manchester United player, kicking a fan. Now hooliganism has returned to the newspapers too, simply because newspapers are keen to write about football. We should expect more bad news.

The media silence may have helped reduce the violence, since hooligans like attention - many collect newspaper articles about their crimes. Some sociologists said hooliganism had gone out of fashion. But as Mr Bobby Charlton, the former England player, says: "Hooliganism is like terrorism - you can't prevent it 100 per cent."

Now media interest has been rekindled. This is partly because the recent acts of violence happened in a spate, partly because TV cameras can hardly turn away from a pitch invasion, and partly because football in the UK has become mainstream news.

Mr Nick Hornby's memoir *Fever Pitch*, about life as a Cambridge-educated Arsenal fan, helped middle-class fans to "come out". It is now respectively talk about football, and fans in the media put it on the front pages.

Unfortunately, British newspapers today have few opportunities to write about great victories or great players. Paul Gascoigne, England's most creative player, has broken his leg, and Ryan Giggs, the Manchester United winger, has lost form.

This means the news is bad: bribes, drugs, backhanders, and Eric Cantona, the Manchester United player, kicking a fan. Now hooliganism has returned to the newspapers too, simply because newspapers are keen to write about football. We should expect more bad news.

Summit should spur aid

From Mr Nigel Twose

Sir, Your article on the OECD's annual report on aid ("Poor nations suffer twin cash squeeze", February 9) highlighted the depressing outlook for aid to developing countries and provoked mention of two further points. First, the OECD's report is timely since, in less than a month, the world summit for social development will convene in Copenhagen to discuss a global anti-poverty strategy for the next century. This will call on donors to meet the UN aid target of 0.7 per cent of gross national product, which is 25 years old this year.

Only four out of the 31 leading donors have achieved this - the same four as five years ago. The fall in aid volume in 1993 - 6 per cent in real terms, the biggest drop in 20 years - makes a mockery of the call to

move towards this target.

Second, Britain was one of the few countries to maintain aid as a proportion of GNP in 1988, and is now above the OECD average. Yet spending plans show that Britain is moving closer to the edge of the aid diving board. Over the next few years, British aid will finally plunge, probably to the lowest level of GNP ever recorded.

In the run-up to the most

MARKETS REPORT

Dollar wobbles

The dollar yesterday flattered to deceive, first rising and then falling, in response to the release of the January producer inflation report in the US, writes *Philip Gauthier*.

The dollar took its lead from the US bond market, where prices fell when traders took flight at signs of price pressure at the intermediate goods level in the PPI report.

After initially jumping half a penny to DM1.5340, the dollar then lost a penny to finish in London at DM1.5241. Against the yen it was little changed at Yen 155.25.

Sterling had a steady day, finishing barely changed at DM2.3788 and half a cent firmer, at \$1.5658, from \$1.5657.

There was little movement in Europe. The D-Mark finished at FFr2.462 against the French franc, from FFr2.463.

The Bank of Finland raised its tender rate to 5.75 per cent, from 5.5 per cent, due to rising inflationary pressures and

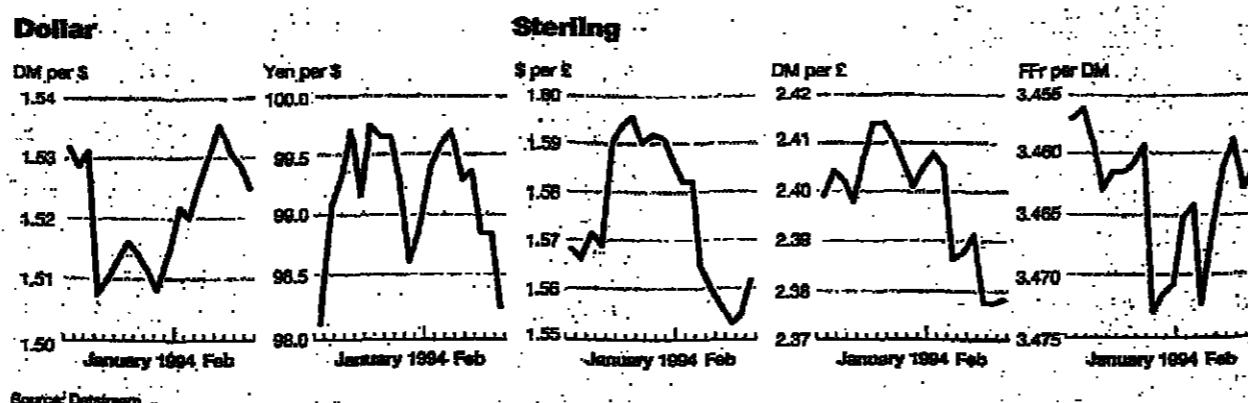
expectations.

Analysts were cautious about reading too much into the dollar's retreat, given that it came hard on the heels of a Treasury auction in the US.

Mr Ian Gunner, international economist at Chase Manhattan in London, commented: "After the auction the street (Wall St) has quite a lot of paper, so people don't want to get any longer, especially on a Friday."

This reluctance to buy more bonds spilled over into the dollar. But Mr Gunner said he would not be surprised if it was to open up around DM1.53 again on Monday.

Traders said there was quite heavy selling of sterling



SOURCE: Datastream

in the morning, following newspaper reports hinting that comments by Mr Kenneth Clark, the chancellor, on the issue of a single currency for Europe, had widened divisions within the Tory party.

The pound did, however, some ground towards the end of the week, Mr Jonathan Griggs, economic adviser at Barclays in London, noted that the trade weighted index had, at one stage, fallen to 87.2, from 86.8 before the base rate was increased on February 2.

On the 41 rule of thumb – that a 4 per cent move in the

exchange rate is roughly equivalent to a 1 per cent move in interest rates – this meant that sterling weakness had nearly offset the Bank of England's decision to raise interest rates by 50 basis points.

Short sterling futures lost ground, on fairly low volumes. The June contract closed at 92.27, from 92.34. Prices at the short end of the yield curve were dragged down by the poor performance of the US gilt, with the tone set by the poor performance of the US Treasury market.

Money market rates remained fairly easy, with three month LIBOR at 6.68 per cent. In its daily money market operations the Bank of England cleared a £700m abortive at established rates.

Concern about the government's decision to chase and arrest rebel leaders in the Chiapas region caused the Mexican peso to weaken. It closed at 5.605 pesos against the dollar, from 5.56 pesos, but off an intra-day low of around 5.7 pesos.

POUND SPOT FORWARD AGAINST THE POUND

Feb 10	Closing mid-point	Change on day	Bid/offer	Day's mid-high	One month	One month	Three months	One year	JP Morgan	Bank of England Index	
Europe											
Austria (Sch)	16.7255	-0.0211	181.329	16.7207	16.7061	16.713	16.690	16.6703	1.1	105.7	
Belgium (Bfr)	49.3725	-0.0448	495.298	49.3703	49.3522	1.2	49.3682	1.3	49.3492	1.3	
Denmark (DKK)	6.9375	-0.0021	621.716	6.9382	6.9353	0.7	6.9315	0.8	6.9255	106.7	
Finland (FM)	7.3155	-0.0267	718.233	7.3267	7.3230	1.2	7.3255	1.3	7.3155	84.6	
France (FF)	8.2282	-0.0015	319.385	8.2286	8.2285	1.0	8.2162	1.0	8.1454	1.1	
Germany (Dm)	1.2102	-0.0001	121.020	1.2102	1.2102	1.0	1.2095	1.0	1.2074	105.4	
Greece (Dr)	372.525	-0.0569	511.375	373.329	373.460	1.3	373.361	1.3	373.346	1.3	
Ireland (E)	1.0070	+0.0037	102.077	1.0076	1.0074	1.0084	1.0075	1.0076	1.0075	97.1	
Italy (L)	2519.12	+0.208	660.132	2522.95	2522.83	-1.7	2522.23	-2.1	2526.76	-2.3	
Luxembourg (LU)	48.9732	-0.0448	495.925	49.0700	49.0700	1.2	49.0502	1.3	48.9492	1.3	
Netherlands (NL)	1.5421	-0.0005	147.578	1.5421	1.5421	1.0	1.5420	1.0	1.5421	1.0	
Norway (Nkr)	10.4102	-0.0024	101.000	10.4102	10.4102	1.0	10.3961	0.1	10.3961	0.1	
Portugal (Pt)	204.816	-0.0024	216.577	204.827	204.827	1.0	204.808	1.0	204.816	1.0	
Spain (Pe)	204.3568	-0.11	136.577	204.3567	204.3567	-2.9	247.508	-3.7	204.3568	1.0	
Sweden (Skr)	11.5724	-0.025	633.814	11.5843	11.5825	-1.2	11.6009	-1.2	11.7204	-1.3	
UK (P)	2.0069	-0.003	978.100	2.0168	2.0047	2.0045	2.0195	2.0195	1.9483	5.0	
US (D)	-1.2500	-0.0001	608.618	1.2500	1.2500	1.2500	1.2501	1.2501	1.2500	67.5	
SDR (-)	-0.943715										
Americas											
Argentina (Peso)	1.5807	+0.0065	602.612	1.5812	1.5823	-0.1	1.5821	-0.1	1.5821	1.5	
Brazil (Cdo)	1.3041	-0.0074	624.058	1.3032	1.3041	-0.1	1.3031	-0.1	1.3031	1.5	
Canada (Cs)	2.0284	-0.0124	871.855	2.0193	2.0192	2.1752	2.0195	-1.3	2.1951	-0.9	
New Zealand (Nm)	1.2721	-0.0005	102.000	1.2721	1.2721	1.0	1.2720	1.0	1.2721	1.0	
USA (Usd)	1.5008	-0.0051	604.612	1.5016	1.5005	0.5	1.5029	0.5	1.505	95.5	
Pacific/Middle East/Africa											
Australia (A\$)	2.0322	-0.0034	920.944	2.0246	2.0285	-1.1	2.1006	-1.4	2.1238	-1.9	
Hong Kong (Hk\$)	12.0566	-0.0414	847.724	12.0751	12.0148	12.0567	0.1	12.0541	-0.8	11.9939	0.6
India (Rs)	49.1625	-0.0025	487.700	49.1640	49.1640	1.0	49.1655	1.0	49.1655	1.0	
Iceland (Isk)	1.7121	-0.0005	102.000	1.7121	1.7121	1.0	1.7120	1.0	1.7121	1.0	
Japan (Y)	154.402	-0.018	782.424	154.740	153.224	1.1	162.717	4.4	146.842	4.9	
Malaysia (M)	3.9777	-0.0103	759.795	3.9795	3.9805	-0.1	3.9805	-0.1	3.9805	98.5	
New Zealand (Nm)	2.4609	-0.0023	588.920	2.4622	2.4572	-2.4	2.4542	-1.8	2.5079	-1.9	
Philippines (Peso)	38.7079	-0.1562	199.955	38.7058	38.6450	-0.1	38.6450	-0.1	38.6450	98.5	
Saudi Arabia (Riy)	5.6835	-0.0193	517 - 612	5.6869	5.6827	-0.1	5.6827	-0.1	5.6827	98.5	
Singapore (S\$)	1.5200	-0.0005	823.000	1.5200	1.5200	1.0	1.5200	1.0	1.5200	1.0	
S Africa (Cnr)	5.5420	-0.0162	446	5.5446	5.5431	-0.1	5.5431	-0.1	5.5431	100.0	
S Africa (Fnr)	6.1694	-0.024	782 - 136	6.2444	6.1692	-0.1	6.1692	-0.1	6.1692	100.0	
South Korea (Won)	120.445	+0.39	905 - 084	124.118	120.201	-0.1	120.201	-0.1	120.201	100.0	
Taiwan (T\$)	41.0988	-0.0169	541 - 630	41.0910	40.8883	-0.1	40.8883	-0.1	40.8883	100.0	
Thailand (Bt)	36.1137	-0.1135	860 - 380	35.1933	35.0540	-0.1	35.0540	-0.1	35.0540	100.0	
Other areas											
Mar 1995	Open	Latest	Change	High	Low	Est. vol.	Open Int.				
Mar 1995	0.6546	-0.0007	0.6562	0.6529	23.797	60.875					
Jun 1995	0.6561	-0.0013	0.6563	0.6562	537	3.690					
Sep 1995	0.6590	-0.0007	0.6610	0.6588	32	674					
SWISS FRANC FUTURES (MM) DM 125,000 per DM											
Mar	Open	Latest	Change	High	Low	Est. vol.	Open Int.				
Mar	0.6545	-0.0007	0.6562	0.6529	23.797	60.875					
Jun	0.6561	-0.0013	0.6563	0.6562	537	3.690					
Sep	0.6590	-0.00									

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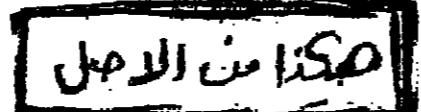
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INDICES

- See Feb 4 : Taiwan Weighted Price 8328.35; Korea Comp Et 851.82. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MTB Gen., SBF 20, CAC20, Euro Top-100, TSX Overall, Toronto Comp., Mexico & Minerals and DAX - at 1,000; U.S. Gold - 2375; JSE 20 Industrials - 2842; NYSE All Common - 60 and Standard and Poor's - 10. 98 ↑ Correction : Calculated at 15.00 GMT. * Excluding bonds. † Industrial plus Utilities, Financial and Transportation.

† The DJ Ind. Index theoretical day's high and low are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's high and low (supplied by Teletype) represent the highest and lowest values that the index has reached during the day.

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724-227-3770 or fax 724-227-3771
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WORLD STOCK MARKETS

AMERICA

Brush-off for positive inflation data

Wall Street

US share prices were mixed yesterday morning as the market took a bearish turn and brushed off positive data on inflation while noting price pressures further back in the economy, writes Lisa Branstetter in New York.

At 1pm the Dow Jones Industrial Average was off 6.39 at 3,236.29. The Standard & Poor's 500 fell 0.38 at 479.81, and the American Stock Exchange composite was unchanged at 445.33. The Nasdaq composite shed 2.42 at 787.88. Volume on the NYSE was 172m shares.

In January, the producer price index rose 0.3 per cent, the Labor department said yesterday, which was below forecasts of a 0.4 per cent rise. Figures on the core index - which

excludes the volatile food and energy components - were even further below analysts' expectations. The core index was up only 0.2 per cent, compared with an expected 0.4 per cent rise.

Both the bond market and the broader stock indices, however, ignored the overall figures and reacted to data showing continued price pressures at earlier stages in the economic cycle. Prices of intermediate goods rose 1 per cent in January, which implied an annual rate of increase of 5.2 per cent.

Those intermediate figures were highlighted by Ms Susan Phillips, a member of the Federal Reserve's Board of Governors, and her comments added to the pressure.

By early afternoon the long bond was down nearly two-thirds of a point to yield 7.888

per cent. At the short end of the market the two-year note was off nearly a fifth of a point.

While bond market investors worried that inflation would erode the value of long-term securities, stock market investors acted out of concern that the Fed might raise interest rates again in the near term to control price pressures.

Technology shares, however, the Nasdaq stay in positive territory. The Pacific Stock Exchange technology index was up more than 0.5 per cent. Among rising Nasdaq issues, Intel picked up \$4 at 577.75, Microsoft \$1.50 at 622.75 and Amgen \$1.50 at 685.75.

Cybercity posted modest gains, with the Morgan Stanley index of those shares up 0.1 per cent, in spite of the falling market. Aluminum company of America rose 5% to \$30. Good-

year Tire \$3 to \$35% and Allied Signal \$2 to \$37%.

Canada

Toronto was lower at midday with gains in gold and base metals stocks moderating declines in the market's other 12 sub-indexes. The TSX-300 index fell 14.88 to 4,101.49 at noon in volume of 26.6m shares. Among active stocks, Royal Plastics gained 6% to C\$11.25 after the company's announcement of stronger fourth quarter results.

Brazil

Equities in São Paulo pared losses in late midday trade in a technical recovery following recent sharp falls.

The Bovespa index was off 6.7 at 33,363 by 1pm in turnover of R\$76m (\$31m). The IPC index was up 35.46, or 1.5 per cent, to 1,970.78.

• BUENOS AIRES opened on the upside in a technical rebound from Thursday's 5 per cent fall. The Merval index was up 3.6 at 400.37.

index has dropped 14.1 per cent in local currency terms so far this month.

In spite of some buying by investors, analysts remained concerned over whether President Fernando Henrique Cardoso would get political support in getting his charter reform proposals approved by congress.

After a disappointing autumn, the bourse has continued to lose ground this year, with the Ibovespa index closing yesterday at 1,831.0, down 0.3 per cent since last December 29. A generally gloom mood has been reflected in lower turnover levels and reduced levels of foreign buying. At the same time, share prices have failed to respond to results which, generally, have been ahead of expectations.

Sentiment has not been lifted by the Bank of Finland's decision to raise its key tender rate yesterday, the second increment in three months. The increase, from 5.5 per cent to 5.75 per cent, underlines the fact that Finnish interest rates have turned after plumbing levels not seen since the 1980s.

The situation on the bourse highlights the divide between Nokia, the booming telecoms group, and the rest of the market. Nokia accounts for 29 per cent of Helsinki's FMIB80bn market capitalisation and it drove the bourse up single-handedly by 17 per cent last year; without it, the index would have fallen 4.2 per cent. This year Nokia has again been rising, emphasising the decline elsewhere.

Finnish's big exporters are reaping near-record profits on the back of cost-cutting. Demand is rising in key markets and the Finnish economy is making a buoyant recovery from deep recession. Against this backdrop, the stock market trend is slightly surprising.

The development, in part, reflects a post-Mexico flight from fringe markets. If nothing else, the Latin American crisis has served to emphasise a traditional view of Helsinki as a niche, volatile market, prompting more nervous investors to look in profits while the going is good.

Heavy foreign buying helped drive the Finnish market up by a staggering 90 per cent in 1993. But at the end of last month foreigners held 17.8 per cent of Finnish shares, down from 21.5 per cent at the end of

Slowdown highlights the influence of Nokia

Christopher Brown-Humes on Helsinki's prospects

Is Helsinki starting to lose its gloss after two consecutive years of Europe's best performing stock market?

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Heavy foreign buying helped drive the Finnish market up by a staggering 90 per cent in 1993. But at the end of last month foreigners held 17.8 per cent of Finnish shares, down from 21.5 per cent at the end of

tions. Separately, a FMIB80 global share issue by Kymmenen, Finland's second largest forestry group, was pulled in December because it failed to meet the company's price target.

These difficulties are forcing the Finnish government to slow the pace of a privatisation process that is heavily dependent on foreign investor interest. A planned offering for Neste, the big oil and petrochemicals giant, was expected to go-ahead in the spring; but this has now been deferred until the second half of the year. Even that date may be jeopardised if the Social Democrats win the general election. They are opposed to the privatisation of "strategic" state assets, and may well consider Neste in that light.

However, reduced privatisation would be good for market liquidity, however. There is also likely to be a lower flow of corporate share issues. After the rebuilding of the last two years, many of Finland's big groups have much healthier balance sheets and cash flows are very strong.

These factors should help to support the market at a time when most analysts consider the Finnish market to be undervalued on fundamentals. Helsinki is trading on a price:earnings ratio of around 9.5 times 1995 earnings, against a European average closer to 14.

The market looks very cheap, "argues Ms Taina Ujas, an analyst with BZW in London. She says that if Nokia is excluded, the market is still 25 per cent below its 1989 peak - and at this time when big companies are in much better competitive shape than they were six years ago.

Just how good a shape should become apparent over the next few weeks as a flood of corporate results hits the market. Expectations are running very high, both with respect to profits and dividend pay-outs, but that does not rule out the scope for pleasant surprises. They could prove to be the trigger for a new spurt of buying which drags the market out of its current doldrums.

EUROPE

Paribas suffers as French equities retreat

Bourses decided to take their lead from US treasuries, rather than US equities yesterday afternoon, and in some cases they ended well off their best, writes Our Market Staff.

PARIS retreated in late trading, the CAC-40 index shedding 5.04 to 1,869.40, after 1,887.76, for a week's gain of 5.04 per cent in turnover of nearly FF1.7bn.

Paribas suffered from reports that accounts prepared for Ciments Français in 1991 had been "classified" to show a profit rather than a loss. Paribas, which four years ago had a stake of 6.8 per cent in the company, lost FF17.50 or 2.3 per cent to FF152.50. Mr Simon Hopkins of Nomura in Paris remarked that the report was bad news for a company which had already been affected negatively by outstanding loans to property developers.

Accor, at FF150 at FF157, was buffeted by rumours, which it denied, that a number of banks holding a large amount of guaranteed debt in the hotel group might be considering exercising a put option. Accor was already heavily geared and any aggravation of the debt burden would worry investors, ana-

FT-SE Actuaries Share Indices

	THE EUROPEAN SERIES									
	Feb 9	Feb 8	Feb 7	Feb 6	Feb 5	Feb 4	Feb 3	Feb 2	Feb 1	Jan 30
FT-SE Banktrack 100	1346.17	1346.64	1346.44	1346.04	1345.73	1345.21	1345.17	1345.20	1345.20	1345.20
FT-SE Banktrack 200	1407.50	1408.04	1408.53	1407.55	1408.04	1408.00	1408.00	1408.00	1408.00	1408.00
FT-SE Banktrack 300	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 500	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 1000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 1500	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 2000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 3000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 5000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 10000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 15000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 20000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 30000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
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FT-SE Banktrack 100000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
FT-SE Banktrack 150000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
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FT-SE Banktrack 1000000	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57	1320.57
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Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at settled through the Stock Exchange Telferan system, they are not in order of dealing but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 4(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

• Bargains at special prices. @ Bargains done the previous day.

British Funds, etc.

Treasury 13½% Sec 2000/03 - 21222, 12223
12223 (Funds)

Standard 10½% Sec 2003 - 11123 (Funds)

Corporation and County Stocks

Dudley Metropolitan Borough Council 7½% Ln 88/2015 (Funds) - 220,115 (Sec 2003) - 12223
12223 (Funds)

Leicester City Council 7½% Ln 88/2015 (Funds) - 220,115 (Sec 2003) - 12223
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Loyds Bank PLC 5½% Subord Bds 2023 (Funds) - 220,115 (Sec 2003) - 12223
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Prudential chief quit after UK Treasury intervention

By Robert Peston, Political Editor, in London

Evidence supplied to the Stock Exchange by the Treasury was partly responsible for the resignation last month of Mr Mick Newmarch as chief executive of the Prudential Corporation, the UK's biggest life insurer.

The evidence came from a meeting between Mr Kenneth Clarke, the chancellor of the exchequer, and Mr Newmarch shortly before the Prudential chief executive carried out the option dealings under investigation by the exchange.

It has also emerged that Sir Brian Corby, the Prudential's non-executive chairman, could face a Stock Exchange reprimand for authorising Mr Newmarch's controversial share option transaction last October.

Mr Newmarch, one of the City of London's most influential figures for a decade, resigned in dramatic circumstances last month, in part because of the embarrassment caused by the

exchange's probe of his dealings. The transactions being probed were carried out on October 25 last year when Mr Newmarch made a profit of £202,775 (\$314,300) from exercising options covering 208,750 shares and then selling them.

In a preliminary finding, the exchange's share listing department found Mr Newmarch guilty of breaching its model code covering directors' dealings. The exchange also believes Sir Brian was wrong to authorise the transaction. Mr Newmarch and Sir Brian have appealed the finding and their appeal is being considered by the Listing Executive, a group of exchange executives.

It emerged yesterday that evidence vital to the Stock Exchange's preliminary judgment was provided by the Treasury. The evidence stemmed from a meeting between Mr Newmarch and Mr Clarke a few days before he exercised the options.

The meeting, held at Mr Newmarch's request, discussed the Securities and Investment

Maxwell pensioners win £276m out-of-court settlement

By Nicholas Denton in London

Thirty thousand pensioners won a £276m settlement yesterday from the remnants of Robert Maxwell's failed media empire, investment banks and accountants, bringing to an end two of the largest and most complicated financial disputes in the UK.

Mr Bob Cole, former press officer to the Maxwell group of companies, celebrated with a glass of champagne. "I am immensely relieved," he said. "It has been three years of aggro and living on eggshells."

Trustees of the pension funds accepted an offer of £276m (\$427.8m) in compensation which, with other monies, will fill the £400m hole in the funds' finances and safeguard the pensions of 30,000 former Maxwell employees.

Most current Maxwell pensioners are covered by temporary schemes and so the greatest beneficiaries of the agreement are the 20,000 former employees entitled to a future pension.

Goldman Sachs is believed to be contributing about £75m and another US investment bank, Lehman Brothers, is thought to be paying about \$6m. The two took pension fund assets as collateral in deals with Maxwell group companies. Coopers & Lybrand, auditor of the failed Maxwell Communication Corporation, and Maxwell group companies are providing most of the remainder.

Moving with another bank could give Warburg global reach. But the group has already seen the damage caused by botched merger talks in an industry where the main assets have legs and can walk.

The parties to the settlement will thus avoid litigation and further potential embarrassment. One trustee said yesterday: "Everybody wins, except the lawyers."

Yesterday's deal must be approved by the High Court. Two other disputes are still being contested, but yesterday's participants believe the "global" or "major" settlement is safe.

It is more than three years since Mr Maxwell fell from his yacht and died, having stolen from pension funds associated with his group.

The search for a settlement has involved five trustees, 12 pension schemes, five sets of solicitors representing pensioners, the more than 10 respondents, as well as 30,000 current or future pensioners.

Trustees hailed the result as a personal triumph for Sir John Cuckney, adviser to Mr Peter Lilley, the social security minister, who has extracted an improved offer from Lehman Brothers and other institutions.

On top of the £276m compensation payment, the government is making an interest-free loan of £115m to the funds. A combined surplus in the 12 pension funds of £70m brings the additional money available to more than the total £400m shortfall.

Europe row

Continued from Page 1

Major's staff had merely been given a copy of the chancellor's address in advance.

Mr Major, on a regional tour in Oxford, in the English midlands, tried to play down the crisis. He said Mr Clarke had "made it clear we are a long way away from the right economics for a single currency. Those are the realities which the chancellor spent out last night and I have spent them out since 1990".

Even some Eurosceptics suggested that Mr Portillo may have overreached himself by slapping down Mr Clarke publicly.

Several MPs said that with both Mr Clarke and Mr Portillo claiming to speak for the cabinet, Mr Major now had no choice but to take sides to restore his authority.

Sir Mark Lennox-Boyd, a former Foreign Office minister and one of 106 signatories of a back-bench motion praising Mr Major's increasingly tough stand on a single currency, said the chancellor had the right to make his views known.

Mr Peter Temple-Morris, a prominent pro-European, said ministers were setting the wrong example. "If the cabinet so manifestly can't get its act together there is no hope for the rest of us."

UK retailer launches loyalty scheme card

By Neil Buckley in London

The supermarket price war in the UK took a new turn yesterday as Tesco, the second-biggest food retailer, unveiled a nationwide customer loyalty scheme, offering customers money-off vouchers according to how much they spend.

Tesco's magnetic card, called Clubcard, has been on trial in 14 stores and is to be launched in all its 500 stores from Monday.

Start-up costs have been put at £5m (£7.7m), but Tesco said it expected to cover the cost of discounts to customers through increased sales.

Predictions of an immediate "loyalty card war" were confounded, however, when J Sainsbury, the UK's largest grocer, rejected a national loyalty card scheme as too costly. It said it would continue to use local loyalty cards for limited periods, mainly to attract customers into new stores.

Mr David Sainsbury, chairman of Sainsbury, claimed that annual administration costs of a national scheme would be £10m. Argyll, owner of food retailer Safeway, has made no decision about extending a loyalty card

scheme being tested in 25 stores.

Should Tesco's scheme, which is open to all customers, prove successful, however, other groups may be forced to follow suit.

Analysts drew comparisons with the "Green Shield stamp war" of the 1970s, when retailers vied with one another to reward shoppers with trading stamps which could be collected and exchanged for goods. Tesco withdrew from the scheme in 1977, lowering prices to compensate, and provoking a price war.

Tesco said its new scheme differed from trading stamps in that it only encouraged customers to shop in its stores but, since all transactions were recorded on a computer, it enabled it to build up a powerful database of customers' names, addresses and shopping habits. That information could be used for marketing purposes.

Clubcard members will have their card - which will not be used for payment - swiped on each shopping trip, and be awarded two points for the first £10 they spend, and one point for each £5 after that. Every quarter, they will receive discount vouchers according to the points amassed.

It's presidency will fade fast."

The Mexican press yesterday widely depicted Mr Zedillo's move as a gamble to shore up his unpopular presidency and to boost morale in his Institutional Revolutionary Party, which is trailing badly in the campaign for state elections to be held on Sunday in Jalisco.

One observer said: "If Marcos is not captured soon, the psychological boost to Mr Zedillo

raise questions about whether Mr Zedillo's government is a worthy recipient of \$20bn of swaps and loan guarantees that the US is making available as part of a \$50bn international rescue package. Mr Mack McLarty, a senior adviser to President Bill Clinton,

one of the US' most prominent pro-European, said yesterday Marcos was still at large, despite rumours to the contrary in Mexico City.

One observer said: "If Marcos is not captured soon, the psychological boost to Mr Zedillo

Mexico crackdown on peasant uprising

Continued from Page 1

raise questions about whether Mr Zedillo's government is a worthy recipient of \$20bn of swaps and loan guarantees that the US is making available as part of a \$50bn international rescue package. Mr Mack McLarty, a senior adviser to President Bill Clinton,

said yesterday that Mr Zedillo was "fully committed to political and judicial reform".

A government spokesman said yesterday Marcos was still at large, despite rumours to the contrary in Mexico City.

One observer said: "If Marcos is not captured soon, the psychological boost to Mr Zedillo

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Europe today

An active frontal system will move over the British Isles, western France and northern Spain bringing cloud with a good deal of rain, especially over central Britain. Another front, stretching from central Europe to the western Mediterranean, will bring cloud from eastern Spain to Poland. Spain and Germany should have rain, while snow is expected in Poland. It will be mainly dry with sunny spells in central Spain. High pressure will ensure dry conditions in the Balkans and the central and eastern Mediterranean. It will be partly cloudy with some sunny spells in Italy and the Balkans, and sun will predominate in Greece and southern Turkey.

Five-day forecast

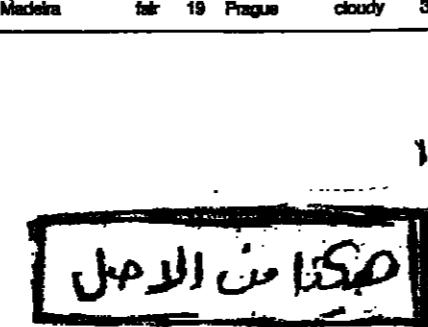
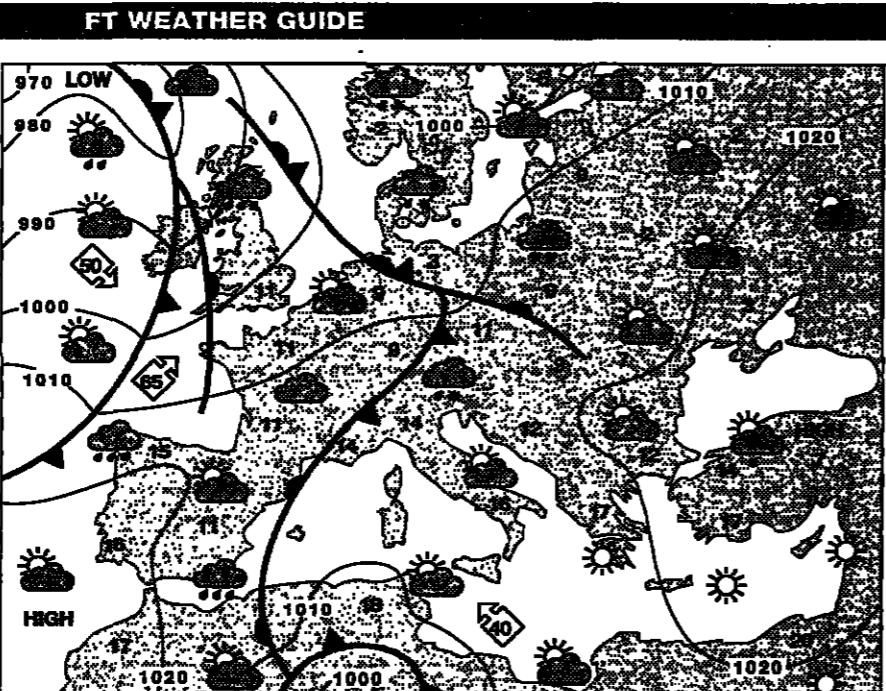
Rain and wind will sweep over western Europe into Scandinavia. More rain is expected in the British Isles, the Low Countries, Germany and France. Rain is also due in Spain and Portugal, as a disturbance moves through the area. It will be mainly dry in central and eastern Europe, but northern regions will be cloudy. The Balkans, Italy, Greece and Turkey will stay dry with sunny spells.

TODAY'S TEMPERATURES

	Maximum	Beijing	fair	9	Carcass	rain	31	Faro	fair	17	Madrid	sun	11	Rangoon	rain	31
Abu Dhabi	sun	23	Belgrade	rain	9	Cardiff	rain	18	Frankfurt	fair	10	Malta	cloudy	17	Reykjavik	sun
Acra	fair	32	Berlin	rain	10	Copenhagen	rain	10	Geneva	rain	10	Malta	cloudy	18	Rome	cloudy
Algiers	cloudy	12	Brussels	rain	21	Dakar	cloudy	10	Glasgow	windy	17	Montevideo	rain	19	Paris	cloudy
Amsterdam	cloudy	9	Bogota	fair	22	Dolos	cloudy	24	Hamburg	rain	3	Montreal	fair	20	Seoul	fair
Athens	sun	17	Bombay	sun	33	Dates	rain	7	Helsinki	fair	-3	Mexico City	sun	22	Singapore	shower
Atlanta	rain	17	Brussels	cloudy	9	Deli	rain	28	Hong Kong	shower	21	Miami	sun	28	Stockholm	sun
B. Aires	cloudy	28	Budapest	cloudy	8	Dubai	fair	23	Iceland	fair	25	Milan	shower	10	Strasbourg	fair
B. Ham	rain	9	Chagian	fair	1	Dublin	rain	15	Jerusalem	cloudy	14	Montevideo	rain	21	Toronto	fair
Bangkok	fair	35	Cairo	sun	20	Dubrovnik	fair	15	Kiev	rain	12	Nairobi	cloudy	22	Vancouver	sun
Barcelona	shower	13	Cape Town	fair	26	Edinburgh	rain	8	Kuala Lumpur	shower	27	Montreal	cloudy	14	Venice	cloudy

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LEX COLUMN

Warburg's woes

S.G. Warburg has been on the verge of crisis since its failed merger talks with Morgan Stanley last December. Its strategy of building a global investment bank on a go-it-alone basis has been damaged. Morale has plummeted. This week a team of eight bankers in its equity capital markets division, including the talented two chiefs, resigned. Unless morale is restored, the headcounters encircling the bank will have a field day.

At such a time, the senior management should be articulating a clear strategy. Instead, it has retreated into a bunker. Confusion has been compounded by the fact that important management changes leaked out this week without any clear explanation of what they meant. Day-to-day control of operations was shifted from Mr Derek Higgs and Mr Nick Verey - the men previously seen as the main lieutenants of Lord Cairns, the chief executive. In the process, it looks as if Lord Cairns has accumulated further power.

Stopping the drift will not be easy. Warburg is in a strategic bind. The three main options available to it - pressing ahead with its global strategy, merging with another investment bank, or retrenching to a more profitable core - all have problems.

The go-it-alone global strategy no longer carries conviction. Warburg not only suffers from a weak US securities business; last month's decision to axe its international bond operations means it now lacks one of the main products offered by integrated investment banks. Theoretically, Warburg could build up its US operations and fill other holes in its international strategy. But this would be expensive and it would be hard to convince shareholders that it was worthwhile.

Merging with another bank could give Warburg global reach. But the group has already seen the damage caused by botched merger talks in an industry where the main assets have legs and can walk. The parties to the settlement will thus avoid litigation and further potential embarrassment. One trustee said yesterday: "Everybody wins, except the lawyers."

Yesterday's deal must be approved by the High Court. Two other disputes are still being contested, but yesterday's participants believe the "global" or "major" settlement is safe.

It is more than three years since Mr Maxwell fell from his yacht and died, having stolen from pension funds associated with his group.

The search for a settlement has involved five trustees, 12 pension schemes, five sets of solicitors representing pensioners, the more than 10 respondents, as well as 30,000 current or future pensioners.

Trustees hailed the result as a personal triumph for Sir John Cuckney, adviser to Mr Peter Lilley, the social security minister, who has extracted an improved offer from Lehman Brothers and other institutions.

On top of the £276m compensation payment, the government is making an interest-free loan of £115m to the funds. A combined surplus in the 12 pension funds of £70m brings the additional money available to more than the total £400m shortfall.

Though none of Warburg's options is appetising, the bank might make a

FT-SE Eurotrack 200:

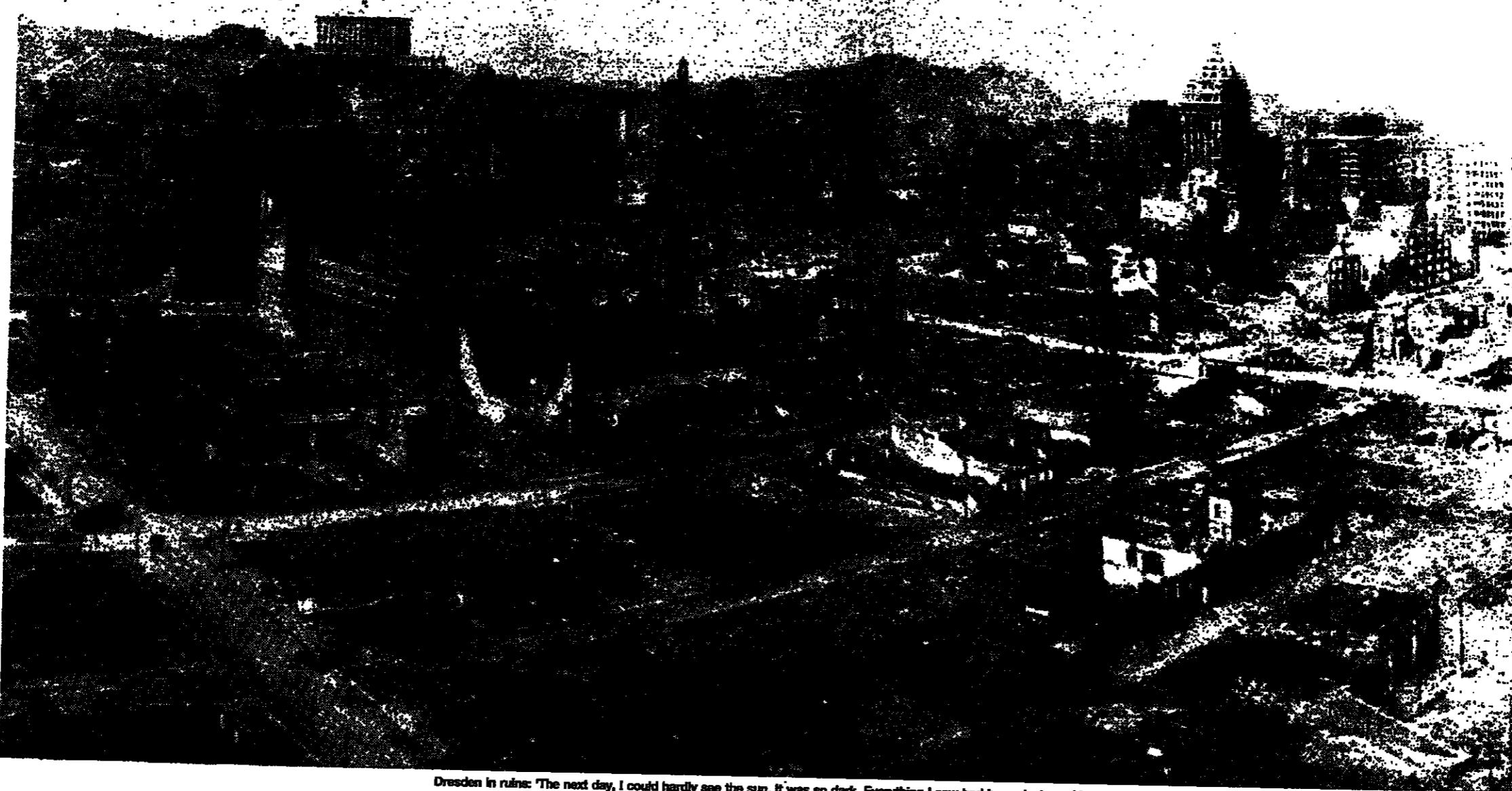
1406.4 (+3.1)

SG Warburg

Share price relative to the FT-SE Merchant Share Index

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Weekend FT



Dresden in ruins: 'The next day, I could hardly see the sun. It was so dark. Everything I saw had been destroyed.'

The night the innocents died

Allied bombing flattened Dresden exactly 50 years ago. Judy Dempsey asks survivors what it was all for

It was my father's birthday," recalled Ernst Hirsch of the night of February 13 1945, the night British and American aircraft bombed Dresden. "We lived on Johann-Georgen-Allee in the city's Innenstadt [centre]," said Hirsch, then eight years old. "For safety, children were already being sent to the countryside. But I was allowed to spend the day in Dresden. We were going to have a small celebration for my father. It was his 55th birthday."

During that February evening 50 years ago, there had been several air-raid alarms – nothing new for the city's 630,000 population which had swelled during the war as many refugees sought refuge in Dresden after fleeing the fighting in the east. Many were living in the cellars of churches and houses; 300 were

in the bowels of the Frauenkirche, in the heart of the city. "At 8pm I was sent to bed," recalls Hirsch. "I was sleeping in the cellar. Soon, I felt the whole house shake. It was the first bombing raid. My mother wanted to go upstairs to get more bedding. But the house was already burning." The raid, which started at 10.05pm, lasted 25 minutes.

As happened when Hamburg was bombed in the summer of 1943, the first raid over Dresden created a firestorm in which super-heated air rose explosively, pulling in cool air from the periphery in hurricane-force winds which fed the central blaze. Within minutes, more than 15 sq kms of the city's elegant buildings, streets, museums, churches, and art galleries were engulfed in the flames.

Three hours later, at 1.23am, there was another raid.

"The Red Army arrived in Dresden on May 7 1945. We were occupied," Hirsch contin-

ued. "We had managed to get out before it started. The entire street was in flames. We rushed, like so many other people, to the Grosser Garten [the city's public gardens]. We thought we would be safe in the open. But they dropped bombs there as well. We were so afraid."

In the course of the two Allied raids, 772 Lancaster bombers had dropped 1,477 tonnes of mines and explosives, and 1,181 tonnes of incendiary bombs. Almost all the 7,400 homes and public buildings in the Innenstadt were destroyed. Nearly 38,000 people were killed.

"The next day, I could hardly see the sun. It was so dark. Almost covered in ash. Everything I saw had been destroyed," said Hirsch.

"Did you ever find out what happened to him?"

"We tried. We wrote to the authorities."

Did you ever get a reply?

"There was no information about his whereabouts. No record of a trial. No details about his imprisonment or death. No recourse to the law. Nothing. It was like what you read in Solzhenitsyn's Gulag Archipelago."

Hirsch paused to show me photos of inter-war Dresden, once called the Florence of the North. "I was playing in the street the day they told my mother that Father had dis-

appeared."

He was not allowed into the Gymnasium, or secondary school. "That was for working-class children." Instead, he joined the Zeiss-Ikon optics factory in Dresden, eventually becoming a photographer and cameraman for the local television service. He never joined the East German Socialist Unity, or communist party. He lost his job in 1968 when he refused to support the Soviet

invasion of Czechoslovakia. Only once was he allowed to travel to the West – in 1986 – to film. "I went to Italy. It was marvellous. The freedom to travel. The colours. The light. When I returned, my wife and I applied to emigrate. We finally got permission. On October 3 1988, just as things were beginning to change. Nevertheless, we left."

Hirsch, who returned to Dresden in 1993, is now responsible for the film and documentary archives of the Frauenkirche. The church is being rebuilt as a symbol of Dresden's former glory, and the destruction of war.

On December 23 1944, she

photographs about the Frauenkirche and the city, what do you feel about the bombing of Dresden?

"It was total war. Aimed at demoralising the people."

Did that strategy succeed?

"It had no effect whatsoever. It was too late."

□ □ □

"I can still feel the intense heat of the fire."

Ursula Schinck, aged 71, was sitting in the study of her home which is perched high over Dresden.

On December 23 1944, she

As you collect old film and

Continued on Page XI



Joe Rogaly

Think of it as protection

The poor are still with us. It is in your interests to help them

In 1979 it has been bliss to be rich, and positive ecstasy to be rich, and positive ecstasy to be rich. A single painting could sum up this view of British society today. It would show a corpulent, sun-tanned power industry boss in a limousine, and a gang of pale, thin, bored, angry young men on the pavement.

No, I am not exaggerating. Not much, anyway. Turn to that JRF report, which is signed by, among others, Howard Davies. He is no pimpo. He is director general of the Confederation of British Industry. The report's most devastating conclusion, drawn from a variety of statistical sources, is that during the 1980s the poorest fifth of Britain's population got *nothing* out of economic growth.

Families in public housing, pensioners on state benefit and the long-term unemployed, are among those who received little or no real increase in income.

Can it be Britain's lowest classes that Stephen Norris had in mind this week when he described users of public transport as "dreadful human beings"? Surely not. The minister for more motor cars is by all accounts an amusing and intelligent fellow, one who might have expected not to be taken out of context, or, worse, literally.

Yet his phrase is a gift to the Labour party. It is impossible to resist the temptation to apply it to yesterday's report on income and wealth from the Joseph Rowntree Foundation. I will come to the JRF findings in a moment; just note for now that here is further evidence that, distressing as it may be to be very poor in any circumstances, it is worse under the Tories.

This must be set beside the daily accumulation of news items that suggest that since Margaret Thatcher took office

national wealth creation from the rich to the less well paid. The liberal American economist J.K. Galbraith has his own version of this theory. The way he tells it, if you feed sufficient oats to a horse, there will be something at the end of it for the sparrows. The trouble with the Thatcherite 1980s is that the sparrows did not even get as much of what emerges from the back end of

ests of all to remove the factors which are fostering... drugs, crime, political extremism, and social unrest."

In short, Britain is becoming more like the US, a country where the wall-building industry is the one to buy into.

Walls around prisons, walls around ghettos, walls around guarded suburbs, safe havens for the affluent. On this side of the Atlantic we can see where Reagonomics led; the mystery is why we are following the same short-sighted pattern.

It may be protested that you cannot have economic growth without some people getting richer. Granted, and good luck to them. Yet if you look at selected industrialised countries there is no clear correlation between the extent of inequality and economic performance.

During the Thatcherite 1980s the gap between rich and poor widened in Britain more rapidly than in any other country save, curiously, New Zealand. Such comparisons are never precise; there are too many statistical differences between countries. The trend is, however, clear. So is the inability of "trickle down".

Taken over the whole of 1979-1994, the growth in British national income was not particularly impressive when set against previous postwar periods or other countries.

No one, not the Labour

party and certainly not the Kowtown committee, has suggested putting the clock back to 1979. The shift in the balance of taxation from direct to indirect imposts is taken as a given. There is no suggestion of a higher rate for higher earners, merely a lower one for the lower paid. It would be prohibitively expensive to uprate social security payments in line with earnings rather than prices. That link could not easily be restored.

The repositioning of the welfare system into one that encourages work is a commonly-held objective.

You see? There is no revolution in sight. What is on offer is a list of specific improvements to education and training, childcare, social security rules, and, in the gentlest possible way, some elements of taxation. As in last year's similar report from Labour's commission on social justice, the implication is that benefits should be targeted, not universal.

The Tories patented one, and much else in the list besides, but their attitude is mistrusted.

This is why Tony Blair did so well out of inequality this week. The Labour leader's message about the need for the community to support the individual, is in tune with the 1990s even if the changes he would make are marginal.

Never mind. Every little helps.

'Just think about how safe you feel in certain streets at night'

horses as they had a decade earlier.

I am not asking you to express soppy sympathy for unmarried mothers in council flats. Just think about how safe you feel in certain streets at night. A divided society is insecure. This ultimately threatens everyone, including the middle classes. "Just as in the last century it was in the interests of all to introduce public health measures to combat the spread of infectious diseases fostered by poverty," says the report, "so in this century it is in the inter-

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NEXT WEEK
Salmon: the end of a noble line

PERSPECTIVES

Dispatches

Lord of the lion dance

Kieran Cooke breathes a sigh of relief at the end of Chinese new year

Relax. It is over. The stomach, feeling like a barrage balloon caught in a force 10 gale, can struggle back to some sort of normality.

The banging of drums and clashing of cymbals is no more. There are no friends in the house, eating every last morsel. For the first time in what seems like weeks, there is no sound of sizzling woks and crashing of pots and pans.

Chinese new year can be a tense time in our household. This year, when the sign of the pig waddled in, was typical.

Doris, my mother-in-law, is a Chinese of the old school. Food - the eating of it, the discussion of it, the price of it - is central to her being. She must know not only what is for breakfast, lunch and tea, but what

is for dinner the Wednesday after next.

Doris (her late husband, captivated by her singing, nicknamed her after Doris Day) has visited us around the world. She stayed in Athens, in Oxford, in the west of Ireland. Now she trots up from her home in Singapore to see us in Kuala Lumpur.

Every Chinese mother feels her children starve when away from the home-fired wok. Her suitcase has few clothes. What it does contain is enough food to do justice to a Chinese supermarket.

I once accompanied Doris through Irish customs. The customs man, catching a whiff of some substance hitherto unknown to his nostrils, asked for bags to be opened. His eyes went as wide as mountain lakes. There were packets of dried

mushrooms. Sweetmeats. Chinese sausages. Mysterious bottles. He held up a carcass in a packet that looked as though it had been run over by a Dublin corporation steam-roller. "And what Madam, would this be?"

Doris was shocked at such a show of ignorance. "Waxed duck, of course," she said. "You see at this time of year the spring winds are blowing in China and they hang out the duck to dry. Very good in cold weather. You cook it with..."

Any further discourse was interrupted by an almighty sneeze. The zealous customs man had made the mistake of taking the top off a bottle of Doris's home-made curry powder. We were waved through, the official's eyes streaming, his nose wobbling with exertion.

This year, Doris arrived a week

before the new year festivities started. The first thing was a top to bottom cleaning of the house, to banish the evil spirits. Chinese characters for good luck, health and prosperity were hung on doorways.

Doris is aghast at the spiralling cost of flowers but still buys armfuls for new year. The rice bucket has to be filled up, to ensure plenty. All debts have to be paid. Everyone should have new clothes.

And so to the food. The cooking of Chinese food might be quick, but preparations take hours, sometimes days. Cutting, chopping, grinding, soaking, drying. In the midst of it all is Doris, crouching with a cleaver in her hand, ready to do battle with yet another piece of animal or fish.

The new year's eve dinner is the centrepiece of the Chinese culinary



calendar, a banquet from which any normal eater retires, reeling, well before the last course is served. Each dish is a symbol of good luck and prosperity.

The Chinese for fish, *yu*, sounds similar to the word for plenty - so you eat platefuls of it. The round pieces of bean curd look like coins, so you gobble those down. Prawns, *ha*, symbolise happiness - those slide nicely into the stomach as well.

After a while you feel as though you may never stand let alone walk again. And still Doris brings more to the table. "More, more, cannot throw, get to eat," she says.

Finally the oranges arrive. The word for them - *gum* - has a similar sound to that for gold. So the more you eat, the richer you become. More oranges are consumed per head of population in

Hong Kong than anywhere else in the world.

On new year's day you visit close family. In an effort to cleanse the overloaded system, you only eat vegetarian food. But in the days that follow, normal eating is resumed with gusto as the Chinese visit friends in a never-ending stream of "open house" parties. You go out, eat three meals at three different houses in the space of a morning, then return home to find a party of visitors waiting, rubbing their stomachs, on the doorstep.

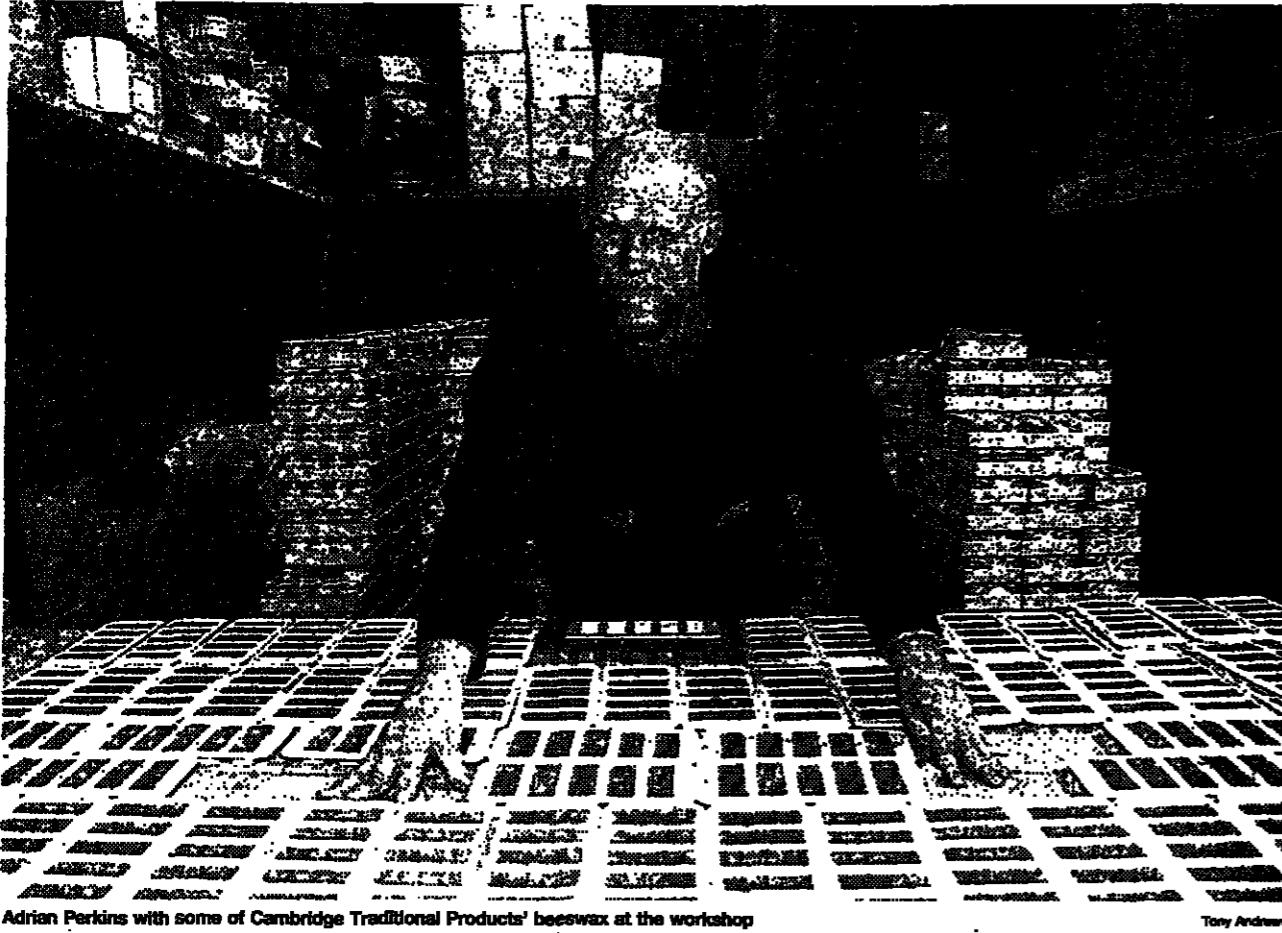
After two days of this, I dreamt I was lost among a group of slithering prawns. For some reason they were laughing. I woke up in what seemed to be a war zone. No one had told me that we were having a good luck lion dance in the house. It was like the entire London Symphony orchestra warming up in the bathroom. At such times madness inches just that little bit closer.

Now, thankfully, calm is restored.

Doris is down in the kitchen, plotting what is on the menu for Thursday week.

"So what does the year of the pig signify Doris?" I should have known the answer.

"Full stomachs," she said.



Adrian Perkins with some of Cambridge Traditional Products' beeswax at the workshop

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PERSPECTIVES

Cosmology feeds on violence. The most violent cataclysms in the universe, such as the destruction of a giant star in a supernova explosion, can reveal fundamental forces and particles that remain hidden under calmer conditions.

A priority at present is to detect the "gravitational waves" generated by such violent events.

For 30 years scientists have been looking without success for these ripples through the fabric of space - originally predicted by Albert Einstein in his general theory of relativity. Now they plan to spend several hundred million dollars of public money on more sensitive detectors.

The main reason for pursuing gravity waves is that "they give us an entirely new window on the universe", says Ken Pounds, chief executive of the UK Particle Physics and Astronomy Research Council.

"Until now, astronomers have only had one way of looking at

what's happening, with electromagnetic radiation [light]."

Light comes in a vast spectrum of frequencies, from long-wave radio through microwave and infra-red, visible and ultra-violet radiation, X-rays and gamma rays. But photons, the particles that carry light, are subject to certain fundamental limitations - in particular, they cannot escape from inside the densest and most energetic systems in the universe.

So astronomers who try to observe a collision between two black holes, for example, can detect electromagnetic radiation only from the outer fringes of the event.

Gravitational waves are not constrained in this way, so they would provide our first direct view of the way space behaves under extreme conditions.

Cosmologists are especially excited by the prospect of glimpsing the most violent explosion of all time, the birth of the universe itself in the Big Bang. We cannot "see" the universe when it was less than 300,000 years old, using electromagnetic radiation, because it was too dense before then for photons to escape. Gravity waves, on the other hand, may still be reverberating around the universe from the first microsecond of its existence.

To imagine gravity waves,

The Nature of Things

Waiting for the big wave

Gravitational ripples through space could cast light on the birth of the universe, writes Clive Cookson

French participation (Virgo) and one in Germany with British participation (Geo 600). All will use a technique called laser interferometry.

Each detector will be L-shaped, with two long arms at right angles. The arms are identical vacuum tubes - 4km long in the Ligo instruments and 600 metres in Geo 600 - with super-smooth mirrors at both ends. In the middle of the "L" is a laser, whose beam is split and sent down the two arms.

The twin laser beams are reflected up and down the arms several hundred times, and then allowed to recombine at the centre. This gives a

characteristic "interference pattern" of light and dark fringes. If a gravity wave passes, it will slightly alter the relative distance travelled by the two beams and produce a corresponding change in the interference pattern.

Since the instruments are measuring such tiny effects - a gravity wave will elongate or compress each arm of Geo 600 by no more than one-thousandth the diameter of an atomic nucleus - they will be engineered with unprecedented precision and isolated from noise and vibration with an elaborate series of dampers.

Even so, the instruments are bound to be jolted occasionally by terrestrial events. The scientists will weed out these local artefacts by comparing the output from different machines. Only a real gravity wave would give the same signal at instruments thousands of kilometres apart.

A more important reason for building a worldwide network of interferometers is that one on its own would give no idea of the direction from which a wave had come.

Jim Hough of Glasgow University, a leader of the Geo 600 project, says four big detectors are needed to pinpoint the wave's origin in space, timing its arrival at each site.

Although scientists are still

short of funds to build the whole network, they hope at least three instruments will be working by 2000.

At the same time they are planning the next step: a network of gravity wave detectors in space. The European Space Agency is considering the Lisa project, in which four satellites 5m kilometres apart would fire lasers at one another.

Few scientists doubt that gravity waves exist. Indeed astronomers have obtained indirect evidence for their existence by observing super-dense binary stars, such systems move in a way that exactly matches the predicted loss of energy through gravity waves.

But no one has much idea what cosmologists will learn from observing the violent universe through a gravitational window, any more than Galileo knew what great discoveries in optical astronomy would flow from his invention of the first telescope.

A struggle to come in from the cold

John Thornhill receives a warm welcome when he visits an oil town in western Siberia

Eive hours flying time east of Moscow lies the isolated town of Kogalym where 60,000 hardy people make a living extracting oil from 8,000 nearby wells. That the town exists at all is remarkable. Only from a helicopter is it possible to appreciate the unremitting bleakness of the landscape.

As far as the eye can see there is little but stunted trees and blotches of marshes on a patchwork of virgin snow. The sun, which in winter only staggers above the horizon, casts a dull glow across the snowdrifts where the temperature can fall to minus 52°F. It is little wonder to learn that in the local dialect Kogalym means the place where men come to die.

Yet it is the unlikely destination for one of the first examples of a Russian corporate press trip. As a market economy develops in Russia, and its cash-hungry companies scour the world for capital, some executives have grasped the value of public relations. So it was that Lukoil, which intends to sell 15 per cent of its equity to foreign investors, invited a group of journalists to its heartlands in the depths of Siberia.

We are lucky - it is only minus 27°F when we arrive and we are soon treated to a warm Siberian welcome. A feast of cold meats and salads has been laid out. The inevitable rounds of vodka and tsarts quickly follow.

Next morning, the company representatives escort us around their town. Kogalym contains many Identikit 1960s Soviet tower blocks but the oil bosses have built a rare number of amenities too: an extensive sports complex; a music

and arts school; a newly-built hospital; and the delightful "Mowgli" kindergarten.

Anna Chubora, its headmistress, rushes round her domain describing its many features in an excitable chatter. A blur of colours, thanks to her peroxide blonde hair and loud blouse, she speeds through the pet room - including ducks, rabbits, tortoises and a polar owl - and on into the swimming pool where a dozen small boys, wearing oversized pink bathing caps, bob up and down in random motion. Their tongues loll

Journalists from the Russian news agencies competed to down vodka.

as they try to copy the gymnastic gyrations of their beautiful instructor.

The school contains a computer room, where the tots play games, a speech therapy department, and a medical centre where the children receive solar lamp treatment in the dark winter months to help them grow. For a small town in Siberia we have a lot of interesting things to see," beams the headmistress.

At the subsequent press conference, at the headquarters of the local Lukoil subsidiary, Kogalymneftegaz, Semyon Valnshikov, the company's general director, takes great pride in the town's facilities saying it is important to look after the oilworkers.

But he concedes that Kogalym is far from being a typical

Siberian oil town and says he does not know how long the company can afford to support such social obligations. He stresses how Lukoil is playing by a different set of rules where cash king and profits the goal of every enterprise.

He talks candidly about the problems facing his industry. Lukoil, which has activities ranging from the well to the pump, has suffered less than most.

Valnshikov says the company is still plagued by plummeting production levels because of the country's economic upheaval, the crisis of inter-enterprise debt, the uncertainties of dealing with the government and the idiosyncrasies of the export regime. In spite of it all, he says: "Our people do not live worse than before."

By turns charming and mildly menacing, the merciful Valnshikov clearly commands respect. He says even the cows he owns stand up when he enters the town's covered farm.

His teeth flash gold when he smiles; his eyes flash steel when he glowers. Kogalym is a one-company town and the people are wholly dependent on it. Red Lukoil badges have replaced the Communist Party insignia on the lapels of the party.

That evening we visit one of the town's banyas - a former party hideaway now converted into a bathhouse for guests. A director patiently explains how it is physiologically necessary to drink vodka before the banya - and cognac after.

Incredible though it seems, we leap in the outside snow after broiling for half an hour.

The following day we set off for Langepus, another oil town, which is also part of Lukoil's

empire. On the way, the resolute correspondents from the Russian news agencies, Interfax and Itar-Tass, compete to down vodka.

Physically intimate with each other in the manner of Russian men, they then fall asleep resting their heads on each other's shoulders and dribble down their jumpers.

The driver forgets to turn on the heater in the truck. Four and a half hours later a dozen blue journalists emerge from the frige on wheels.

A hastily-convened press conference is arranged where Vladimir Zazirny, the production-minded chief engineer, is little interested in fancy notions of raising money in foreign markets unless it gives him the cash to develop new wells. Yet Langepus is one of

the few towns in Russia where people unhesitatingly say life is now better than before. The sincerity and the warmth of the welcome almost overwhelms. Another tortured - although warmer - journey back to Kogalym. Another feast...more vodka.

Although the trip provides a fascinating glimpse into the lives of working Russians, it is something of a mystery what message Lukoil is trying to impart. The information that is the meat and drink of financial journalists - and foreign investors - is largely absent.

It is possible to see the social role that Lukoil plays in its communities and its impressive organisational abilities - but impossible to make an assessment of its financial performance.

Just as the company is working out how it must present itself to the world, the media are also groping for meaningful questions to ask.

Russia's leading executives are rapidly changing their priorities and perspectives.

From being the mere executives of the central planners, they have suddenly transformed into extraordinarily powerful managers - although this depends on the chosen methodology.

How such bosses balance their aggressive instincts to make money with their obligations to the thousands of workers they employ will have a big influence on the shape of Russia's economy and the nature of its society.

As these companies raise their sights beyond their

immediate problems, they could emerge as ferocious competitors in the world economy too. On some estimates, four of the world's 10 biggest oil companies are now Russian.

After consolidating five Russian companies, Lukoil, which already produces 15 per cent of Russia's oil, claims it will emerge as the biggest in the world in terms of known reserves - although this depends on the chosen methodology.

But, as one investment analyst noted, Russia's obsession with size has rarely produced results. The world's biggest cannon stands in the Kremlin but it has never fired a shot.

With vast reserves, few limitations from outside shareholders, an unleashed capitalist

dynamic, and a rapidly-developing appreciation of how global companies work, Lukoil's bosses appear to have every intention of making a bang on the world stage. They are certainly proud, smart and intensely ambitious.

Amid the dramatic headlines of political upheaval in Russia, and war in Chechnya, it is easy to overlook the daily struggles of the ordinary worker and the extraordinary patience of the Russian people.

As we stand on the tarmac at Kogalym's windswept airport waiting to leave, it is hard not to admire the courage of those who consider this place as home.

It is harder still not to hope that whatever fate awaits such Russians it is easier than what has gone before.

feel he is the first fisher in the world, the niceties are necessary.

The basic credentials of the Falklands are good, however. Sea trout, evolved from introduced browns which have chosen to migrate to salt water, form shoals in the rivers from January to April.

Or does the tameness of the wildlife prove that there is no fear of humankind in the ancestral memory of the geese, the ducks (flightless steamer ducks paddle inshore to inspect you), the penguins, hawks and songbirds?

The Falklands is the only place where the domesticated stock - the sheep - run shelter-shelter at first glimpse of man, while the wildlife closes in for a better look. A Rolland's grebe, found only in the Falklands, squinted brightly at me as I stood in the river, then swam under my fishing-line and bobbed up on the other side.

Fishing statistics are poor fare, I offer two to give the flavour.

A fisher on the San Carlos River in six casts caught six fish of around 8lb. I saw 27 sea trout weighing between 1lb and 8lb being caught in two pools over three hours by one mesmerised fly-rodder.

As organisation improves, the Falklands will see once more those discourses of the fishing-rod, stumbling off the 16-hour flight undeterred, chasing the results of one of the few biological initiatives in this remote land, with its slowly-unfolding charm, that has gone right.

■ Michael Wigan's trip was co-ordinated through Go Fishing Canada, Swan Centre, Fishers Lane, London W4 1RX. Tel: 0181-742 3700.

A Falklands' catalogue of errors

Michael Wigan on how human blundering has shaped the windswept islands in the South Atlantic

When a Land-Rover sales team visited the Falkland Islands carrying a video tape of the vehicle's performance, the inhabitants just laughed.

"We were doing things in Land-Rovers that they had not even dreamt of," said the raggedy-clad driver as we ground up a near-vertical slope.

When a new Land-Rover arrives, Falklanders spend a week making it "fit for use" he told us - they alter the springs, fit tractor tyres, and so on.

Much of the gossip on the Falklands is about getting into and out of awkward spots. At this art, native self-reliant "helps" proved themselves considerably better than the British.

One story concerns a young squaddie going too fast who got stuck; efforts at extraction made it worse: a tracked vehicle sent to rescue him also became submerged. Eventually a Chinook helicopter arrived to suck everyone out of the mire.

The Falklands archipelago is a very large, trackless place. The two main islands, East and West Falkland, span 180 miles and are separated by a narrow sound. They lack many things: most people take for granted - other people, tracks, trees, freshwater lakes.

From one side to the other, the Falklands are a windswept plain, and because the mountains are massed together, you can see for miles. Land-Rovers traverse this terrain, alighting and churning, jacked up when stuck to let them go forward.

Before Land-Rovers there were horses - and horses knew the way home. Once a rider caught in a blizzard bumped into a disused telephone pole. He tethered the horse to it, wrapped himself up, and determined to follow the pole-line next day. At daybreak he found himself one pole from home.

For most Falkland farmers, home is an island - a few corrugated buildings that form a shearing-shed, killing-shed, implement shed, drying-shed, and house - set in a sea of grass. Not far away, the ocean crashes on pebble beaches or bird-clad cliffs.

Within a few hours' drive, lurching over the "camp" (Falklandese for plain), will be the landing-strip at which all islanders act as one-man air-port authorities. They talk to the aircraft on the radio, run up the wind-sock, and have the fire-engine on standby hitched to the Land-Rover. Runways are mown strips from which geese and sheep have to be cleared before anything can land.

The Falklands farming family will be loosely surrounded by thousands of sheep. The 1990s has been the decade of land subdivision, a recommendation of Lord Shackleton's 1982 report, which attempted to break up the vast estates of the absentee-owners and create

smaller units run by home-grown Falklanders.

One unsuspected result is that the plains are even emptier. The generously-subsidised owner-occupiers, suddenly finding themselves masters of all they survey, have discovered that employing labour is unprofitable. They work harder, for longer hours, and rural unemployment has fallen.

The Falklands population of 2,000, half live in Stanley. The rest are spread out in isolated pockets, encircled by sheep, cows, horses, chickens, sheep-dogs, and the picturesque upland geese, which stand in pairs (one white, the other cinder-red and grey) evenly dotting the landscape, and lending life and colour to the rinsed tones of the plain.

Sheep, geese and the abundant geese serve another purpose in a protein-swapping chain that, however bizarre, arises from basic supply and demand equations. Pigs eat geese: "You slit them up and let the porters do the rest," as one islander daintily expressed it.

Two farmers we visited were shooting geese (a recognised pest) so that they could feed them to local raptors (birds of prey) to keep them off their own poultry.

Loading the back of the Land-Rover with penguin eggs is still a seasonal pastime. Easier to appreciate is the Falklands recipe for snake: put it inside a teal duck; put the duck in a goose; and roast.

The history of ecology in the Falklands is a tale of human blundering. No native animals survive. There was only ever one species, a fox-like dog called a warrah, which was rendered extinct by people holding meat in one hand and a club in the other.

Or does the tameness of the wildlife prove that there is no fear of humankind in the ancestral memory of the geese, the ducks (flightless steamer ducks paddle inshore to inspect you), the penguins, hawks and songbirds?

The Falklands is the only place where the domesticated stock - the sheep - run shelter-shelter at first glimpse of man, while the wildlife closes in for a better look. A Rolland's grebe, found only in the Falklands, squinted brightly at me as I stood in the river, then swam under my fishing-line and bobbed up on the other side.

Meanwhile rabbits, rats, and feral cats were doing their bit to destroy the native fauna. Direct actions by man included boiling down penguins for oil: several million went this way.

One mystery remains unanswered. The Falklands has no aboriginal people. Why? Native trees to make fire, or boats? The prevailing westerly winds from Tierra del Fuego could have sailed settlers in.

The Falklands must be the largest islands in a temperate climate not to have been populated long ago. Unless, of course, a people existed there and left no trace. Peat covers a multitude of events. If so, the road-builders that is now just beginning

should uncover something somewhere.

Or does the tameness of the wildlife prove that there is no fear of humankind in the ancestral memory of the geese, the ducks (flightless steamer ducks paddle inshore to inspect you), the p

FASHION

A revolutionary in the style hothouse

Alice Rawsthorn visits Miuccia Prada, who turned a sleepy family company into a fashion force



Miuccia Prada

Once, Prada was a cult-name - sought after by fashion aficionados but little known outside this hothouse world. Now, as a Prada shop opens at the end of February in London's Sloane Street, all the signs are that Prada is moving into the fashion big time.

A little boy runs into the room holding a plastic robot in each hand with threads of red licorice encircling his neck. "Eh, Giulio," clucks his mother fondly. "Just look at him. His elder brother is so serious. He likes educational toys. But this one? All he wants is plastic rubbish."

Miuccia Prada is not the sort of woman one would suspect of having a son with a weakness for sci-fi junk and licorice snakes. She is, after all, the doyenne of Prada, the sleepy family firm that she has turned into one of the most successful forces in fashion: a by-word for modern elegance among the fashionable.

Yet Prada, 46, is not a fashion designer in the conventional sense. She does not see herself as a technical innovator or a style dictator, but as an editor assembling collections of clothes and accessories reflecting her taste for cool, comfortable modernism.

Prada's little black dresses, snappy 1940s suits and cashmere twin sets reflect her own bohemian style, which has as much to do with the Disney videos piled up beside her eau de nil ottoman as the Mario Caviglieri paintings on the walls of her Milan apartment.

Until now, Prada's British fans have had to be content with choosing from limited editions from the collection at London shops such as Joseph or Pellicano. But next week a Prada store opens on Sloane Street, where everything from its cult handbags to a full selection of its women's and men's lines will be on sale.

The Prada story started in 1913 when Mario Prada, Miuccia's grandfather, began a business making bespoke trunks and suitcases for wealthy Italian travellers. Mario was an adherent of "Stile Liberty", the Italian answer to the Arts and Crafts movement.

"He was very eccentric," says Miuccia. "If you look at his work from the 1920s, there

details. It was very adventurous for the era."

The business flourished in the 1920s and 1930s, but floundered in the post-war years. It ticked over after Luisa, Miuccia's mother, took control in the 1950s. By the late 1970s, when Luisa decided to retire, Prada was just another remnant of the faded grandeur of pre-war Milan.

Miuccia was then, at 28, an aspiring politician. She had read political science at Milan University, where she fell in with the Eurocommunists. She spent her days at political protests and her nights around Milan with fellow bourgeois rebels. Like most politically-active women of the 1970s, she found it hard to reconcile an interest in style with her passion for politics.

But she fell in with her mother's plans. All that was left of Prada by then was Mario's old shop in Milan's Galleria Vittorio Emanuele. Miuccia had no design training or technical skills, but she did have clear ideas about what she did and did not like.

"I'd always loved fashion. Yves Saint Laurent was my favourite. I wore his things all the time in the 1970s - even to political protests. People looked at me strangely when I handed out pamphlets in my expensive clothes."

Her first addition to the Prada range was a shoulder bag, made from puccino, the industrial nylon used by the Italian army, with a glistening gold chain strap that made it look like a post-modern parody of the classic Chanel bag.

"They weren't successful at first," she recalls. "People didn't understand what we were trying to do."

The bags gradually took off. Miuccia, helped by her husband, Patrizio Bertelli, added shoes, accessories and, finally, clothes to the range. Patrizio took charge of the business and Miuccia concentrated on design. She works like a French *éditionneuse*: envisaging how each piece should look and specifying what she wants to teams of designers and production specialists.

"I've always known what I wanted. It's always been a question of persuading other people to make it for me."

Those first clothing collections consisted of a few classic pieces - cashmere cardigans, plain white shirts and nylon parkas. She then graduated to showing complete ready-to-wear collections alongside the other Milanese designers.

The Prada show is a highlight of the Milan season. Miuccia's simple, uncompromising contemporary taste is perfect for the easy, understated dressing of the 1990s. This winter, aided by Calvin Klein, she signalled the death of the short skirt by dropping hemlines to the knee. Her patent leather bags and snappy, military suits were must-have items.

But this spring the Prada



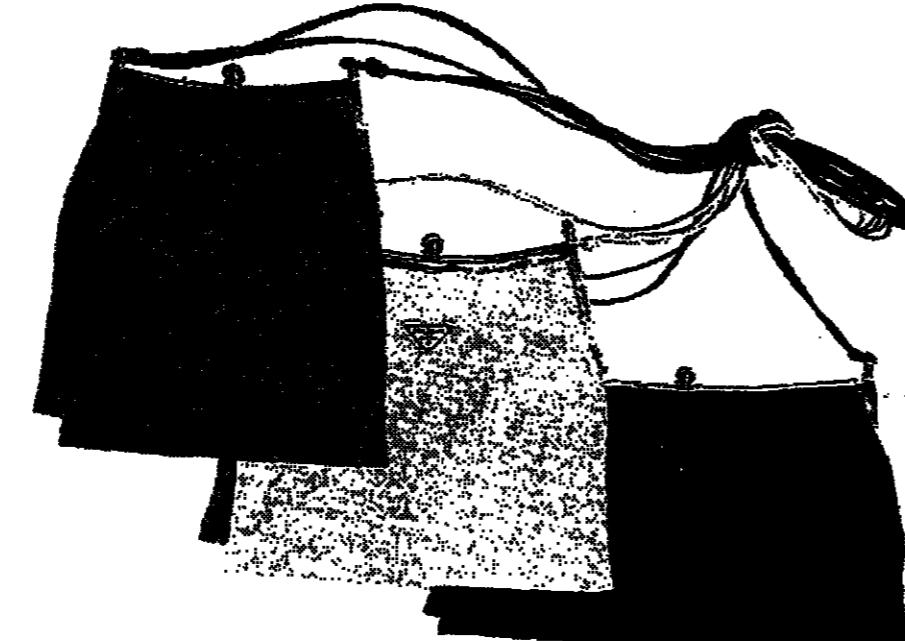
Skinny top and knee-length skirt make up the summer look



The ladylike suit, neatly belted with a skirt showing the new length



Figure-skimming, light and gauzy



For spring and summer Prada has some vital accessories: dusty pink high-wedge strappy shoe, and the handbag shape for summer in pale pastels or black



Dusty pink high-wedge strappy shoe

Full hearts and full tills

Judith Gubbay explains why shopkeepers love Valentine's day

schmaltzy season claimed they had not marked the occasion in any way. Most of the other 32 per cent had sent or handed over at least one Valentine card (27 per cent). The second most popular romantic gesture was flowers (6 per cent) chocolates (4 per cent), a meal (2 per cent), cuddly toys (1 per cent).

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followed by perfume/after-shave, underwear, and treating them to a holiday or weekend break.

There is, of course, a fourth reaction: from those people whose businesses receive a heartening boost. The Valentine's Day industry is worth an estimated £25m in cards, and a further £22m in flowers and gifts. The Post Office estimates it will handle about 10m cards this year, while a BT survey shows that one adult in five is planning to give his or her love a ring (by telephone, that is).

The jewellers are happy too. Brian Wentworth of Boddie & Dunthorne, says: "Valentine's day is the most important occasion for selling real jewellery after Christmas and birthdays." He says there is a move away from heart-shaped items towards gold eternity rings and pearl and gold designs.

John Donald, a designer and goldsmith, says: "Romance is still alive in the City. It is mainly men who buy Valentine's presents. They may choose from the existing range of jewellery, but often prefer to commission a special item."

Florists - with their seasonal stock-in-trade, the long-stemmed red rose - face the greatest pressure. Seven million red roses are to be sacrificed to the demands of lovers on February 14.

Angela Henderson of Interflora estimates that 90 per cent of the floral gifts sent or given for Valentine's Day will include at least one red rose.

However, "younger people are starting to choose bouquets with lilies or white tulips instead of red roses. They are more fashionable, and tulips do mean red-hot passion in the language of flowers, after all."

Interflora has a hand in more than 500,000 Valentine's day orders - and that excludes all the locally-ordered flowers through Interflora member florists, not to mention that is.

It is possible, however, that not all the cards are declarations of romance: Clintons cardshop already stocks "Valentine's Day Greetings to my Daughter" while a 1995 newcomer is a "Happy Valentine's Day from your cat".

Chocolates are a Valentine's day speciality. Thorntons, which has 550 chocolate shops, expects sales to triple compared with the average week. For Thorntons, Valentine's day is the third biggest season, after Christmas and Easter. The company expects to sell 75,000 of its £2.95 milk chocolate heart-shaped plaques.

For the doyenne of lush lingerie, Janet Reger, Valentine's day is also a big day. Takings are three times more than in a normal week. "A man may buy a £20 G-string or spend thousands of pounds," says director Aliza Reger. "You have to remember that they will often be buying just one item from us, but then there are the flowers, and the special dinner, and



Karel Čapek quoted in *Love Letters, An Anthology of Passion*, £14.99, Wardenfield & Nicolson. The painting is by Albert Watson

all the other treats."

John H, a retired company director, agrees. He believes in making the romantic most of the occasion: "You start with the flowers, and the really special way of putting your message across - like an antique Valentine card - and you finish with the champagne in bed

prawns and salmon, followed by a heart-shaped fruit mousse, served on a pink table-cloth with pink candles. By a happy coincidence I had brought her a bottle of pink champagne (as well as a bunch of red roses). She'll have to wait and see what I'm going to do for her this year!"

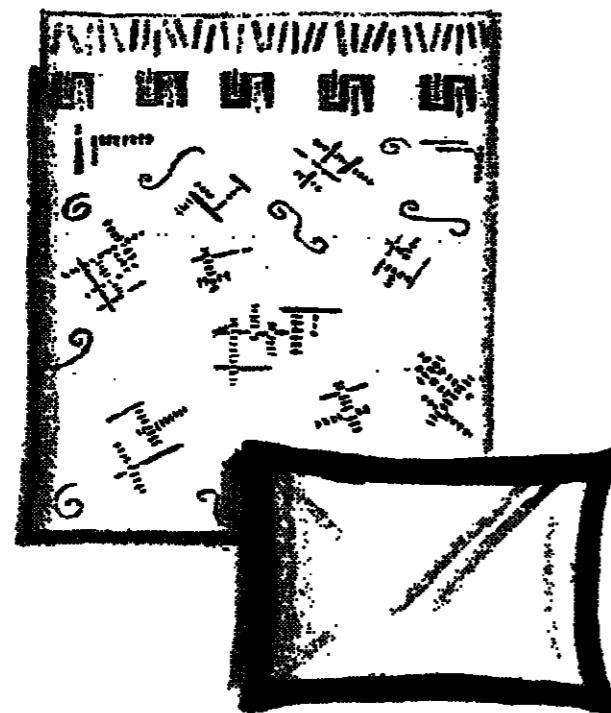
Liber... gives... division... freedom... and... lo...

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Chester Barn...

Liberty gives its divisions freedom and love

Lucia van der Post on exciting days at one of Britain's quirkiest stores



For some time the delicate antennae of London's most fervent shoppers have detected that something interesting is underway in the retailing world. Until recently, if asked to name their favourite department store they would have plumped for Harvey Nichols but in recent months there has been a growing sense that Liberty is where the excitement is.

Stewart-Liberty has always had a quirky personality born of its complicated roots in the British arts and crafts movement and buccaneering trade with the east. This is why down in the basement there are oriental carpets and exotic eastern treasures brought back from epic journeys, while up on the fashion floors sit incongruously ladylike houses in Tana lawn and shawls in old-fashioned Liberty prints. In the furnishing fabric department there are pretty rose-covered chintzes sitting beside Indian crewels.

As a certain eccentricity, or element of surprise, seems to be essential for successful retailing, Liberty has always held a special place in the hearts of the British. Nevertheless it is no secret that its financial performance over the last three or four years has been what Richard Stewart-Liberty, one of two members of the founding family on the board, describes as "flat".

The mix had remained too static, the quirkiness out of tune with the times, almost perverse. The woman who bought an Issey Miyake dress on the rejuvenated fashion floors was unlikely to be interested in the Liberty scarf on the ground floor. The man who came to Liberty for his relaxed designer wear wanted something more contemporary in his home than eastern artefacts or British arts and crafts.

Something had to be done. The strategy adopted is fascinating because it is in complete contrast to the usual strategies adopted by retailers in distress - instead of ration-

alisng and centralising and cost-cutting, the board decided to go in for de-centralising.

It felt that certain precious bits of its business, which had always been crucial to its success, had not been given the love and care they deserved.

These would be split into little groups and given their own teams who would cherish them and nurture them in the way that no large, overall central body ever could.

Stewart-Liberty was put in charge of one of the most important of the new ventures - the development of Liberty own brand products which could be wholesaled all over the world. The aim is to build the Liberty name into an international luxury brand. At the moment it is the smallest and youngest of the company's divisions, providing a mere 5 per cent of its turnover, but it should double in size this year.

Patrick Austin, the chief executive, hopes it will eventually deliver a significant proportion of the group's profits.

Liberty wants all its own brand products to be inspiring ("unless we can define a point of difference with what is already on the market we will not have the ability to build on that brand," says Austin), British, eclectic, inventive and able to be sold internationally at the highest level.

For, as Stewart-Liberty puts it, "Liberty is the bones of a worldwide business which as yet does not have enough flesh.

We aim to see the bones very well-covered. After all, it is a name that almost everywhere in the world stands for something."

Scarves, a quintessential Lib-

erty product, were the first to receive care and would seem to meet the brief triumphantly.

Quincy Leon, the designer in charge, has produced a ravishing collection of scarves. When Liberty took the collection to Prêt-à-Porter in Paris the stand was besieged by luminaries from the fashion world (Paloma Picasso, Kenzo, Rive Gauche, L'Atelier) asking either to buy in the scarves or for the

designer to create a special range for them to sell under their own labels.

Quincy's aim was to produce "scarves to kill for", scarves with a feeling of craft about them.

"After all, much of our history lies in cloth and textures."

These scarves are not cheap - they are made in finest gauzes, in silk matelasse

(gauzy silk with fine patterns cut into it), in georgettes with subtle jacquard patterns. For next winter there is wool gauze backed with chiffon, velvet devoré, or velvet in rich Byzantine colours with generous pompons at the corners.

They retain the air of hand-made, hand-crafted items which represent a lot of what

Liberty stands for.

Liberty learns from its own fashion department. There,

Tom Morgan has doubled his

business in the last 2½ years.

He discovered that his cus-

tomers looked for the unique and the different.

Now, the customer who

comes to buy from the adven-

turous and directional collec-

tions by designers such as

Issey Miyake, Callaghan, Mar-

tin Margiela, Jean Muir or

Vivienne Westwood will find

that there are scarves that

First off the Liberty Brand Products' drawing-board is a collection of ravishing desirable scarves (above) which go on sale on February 16.

■ Illustrated above from top to bottom are: Odile, chiffon-bordered matelasse silk, in seven colours £135; Claire, silk georgette jacquard, long scarf in seven dusky pastels, £125;

Marguerite, silk gauze in four colours, £115; Gilda, silk gauze with floral pattern, in four colours, £115; Seagreen, silk georgette jacquard in four colours, £125. The bedlinen collection will not be on sale until mid-July.

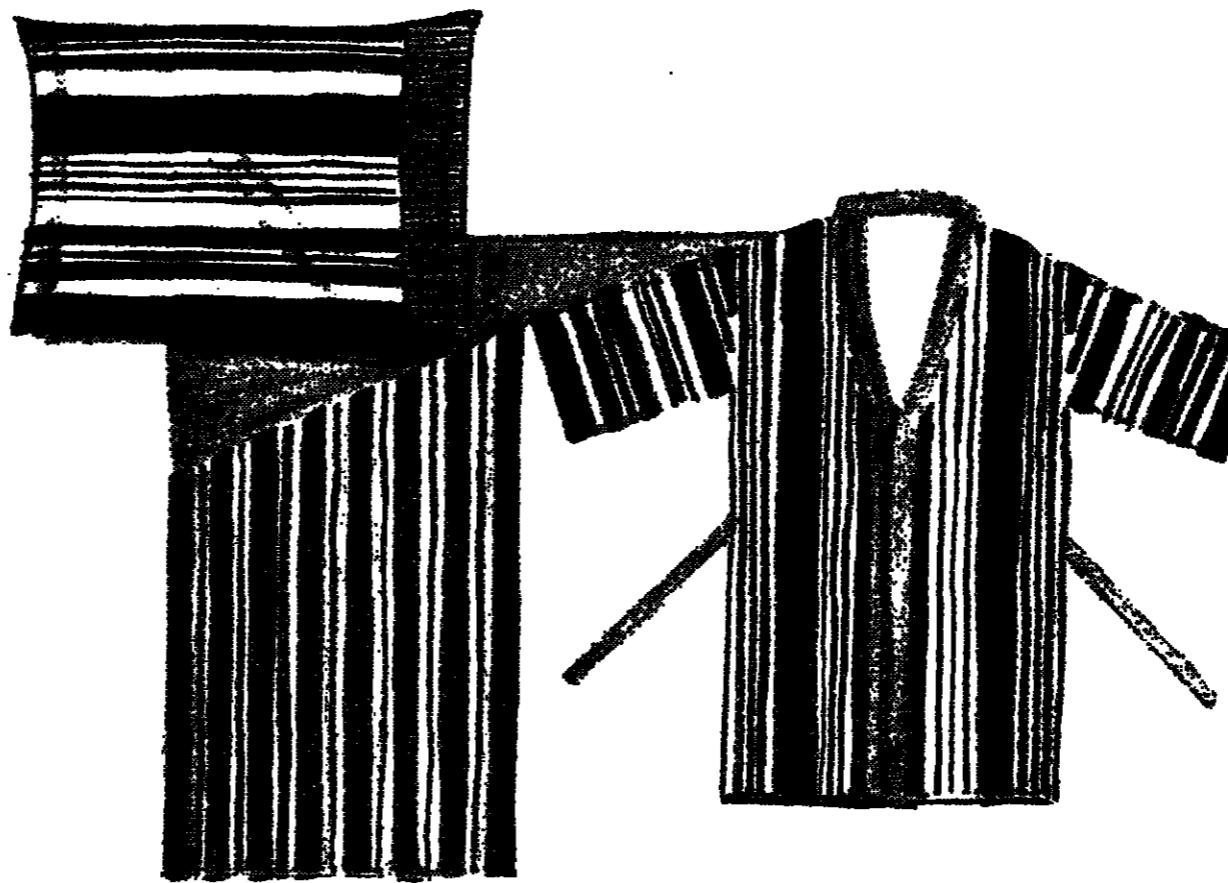
■ Left: 100 per cent yarn-dyed shirt is used for a kimono (£25), duvet (£22 for a single, £42 for a double and £53 for a king size). Pillow cases, £11.50.

■ Above left: The blue and white collection comes in many weights and variations. Illustrated here is a fine organdie embroidered and appliquéd bedspread (£70 for a single, £80 double and £95 kingsize). The blue-edged pillow case is £45.

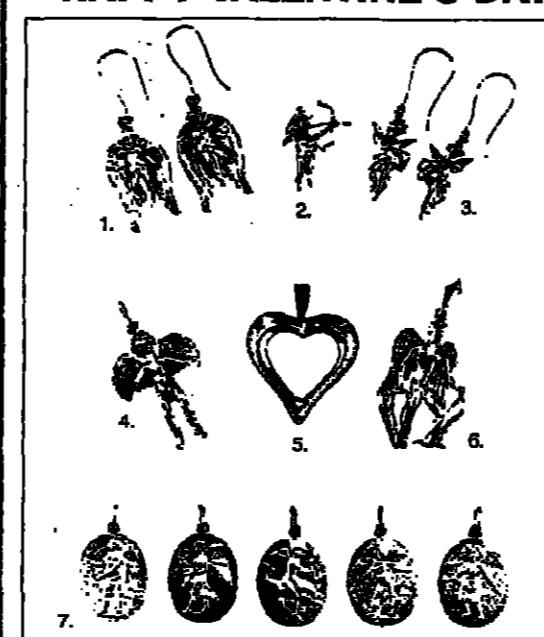
Because Liberty is traditionally a cloth company," she said, "I have paid a lot of attention to the feel of the linen. I've started by developing a small collection of basics which we can build more fashion-conscious designer elements later on.

"I wanted to create the feel of a collection of bedlinen that people might have collected through the years. There are very few colour groups - mainly blue and white, grey and white and a warm, terracotta - but within each colour group there is a great deal of variety and choice which should allow people to play with the individual elements and create schemes of their own."

Liberty Brand Products office is buzzing - Richard Woolf is doing beds to set off the bedlinen collection, a casting of Michelangelo's statue of David is being chopped up to make vases or containers (under the direction of Nigel Coates), metalwork from India is coming in, demountable upholstery is being experimented with, pieces of fabric and samples are everywhere. But if I were you, I would hurry for the scarves.



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1995

FOOD AND DRINK

To decant or not to decant fine wines

Edmund Penning-Rowse considers the controversial question of how to serve your burgundy or claret

I do not recollect, when in Italy, ever being served fine old wine in a decanter. But in Bordeaux, with its British and Irish associations, one of the wines that I count among the finest clarets I have ever drunk - Lafite 1875 - was served from an English claret jug.

Elsewhere in France, including Burgundy and the Rhône, it is very rare. A leading Beaune merchant once told me: "My grandfather would have beaten me if I had decanted one."

Red Burgundy has less tanin and sediment than red Bordeaux and, on one or two occasions in London when I took a decanted bottle and a non-decanted one, the latter had a little more nose and freshness. But then in Burgundy they

tend to have large, often oversized glasses that "air" the wine.

The proclaimed reason for decanting is to remove the sediment. The amount varies considerably - a young claret may have as much or even more than an old one. I am inclined to believe that a basic Cabernet-Sauvignon wine (in the Médoc and Graves) may have more than the Merlots of St Emilion and Pomerol.

The other purpose for decanting is to give the wine light oxidation by which the bouquet and the flavour can fill out. But how long does this mean before the wine is served?

Last year, the 11 premiers grands crus of St Emilion held a dinner in London at which their excellent 1982s were served. I asked M. Valette at

my table how long beforehand did he decant his Pavie at home. Two hours, he replied firmly.

More recently, when visiting several Bordeaux châteaux, I asked the same question and the answer was generally "1½ to two hours". But one respected proprietor said "up to 12 hours".

In Baron Philippe's days at Mouton-Rothschild, the clarets for dinner were stood up in the morning. They were decanted, including very old wines, by Raoul Blondin, the *maître-de-chai*, before he finished work for the day at 5pm to 6pm for a dinner that never started before 9pm.

The decanters, closed with straw stoppers, had very long necks for ease of pouring between those seated at the dinner table and were designed by Baron Philippe.

Personally, I would be a little

scared to decant even fairly old clarets - say 1961s - as long beforehand as that and with substantially older bottles I would be inclined to decant just before serving, and to follow younger wines. Otherwise, because of other preparations, I must admit to decanting not much above half an hour before a meal.

It is uncommon to decant white wines, and German wines never, for if a dry white is circulated in a decanter for a second time around the table it is likely to become too warm. However, there is a good case for decanting a Sauternes or other sweet wine, as this enables it to develop the bouquet and luscious flavour.

Vintage port should always be decanted because of the heavy sediment, but the decanter of sherry on the side board for droppers-in has vanished; for sherry suffers from too-long exposure to the air.

HOW TO DECAN: The tradi-



Decanting a bottle of bordeaux in the traditional manner, at the Boot and Flogger wine bar in Red Cross Way, Southwark, London. Trevor Humphries

tional way is over a lit candle, but if the bottle is dark, it is necessary to put it so near the flame that the wine may be over-warmed or the bottle might crack. If no electric light is available, a vertically-placed torch will do. Just as well.

Red wines look best against a white cloth - not so common these days - and the bottle

should also be on the table to inform visitors of the name. If two or more wines are to be served from similar decanters, these should be marked, otherwise it is all too easy to confuse them.

A decanter on the table adds something to its decoration and sense of occasion. I am inclined more than once to decant all fine red older wines

(except Italian for no definable reason) of more than a dozen or so years in age.

Old decanters are often less expensive than expected, and the plain, three-ringed neck "Classics", dating from 1810 to 1820 or so, are admirable, but cut-class should be avoided, as the colour of the wine is refracted. An old decanter also adds to the occasion.

Lunch for a Fiver

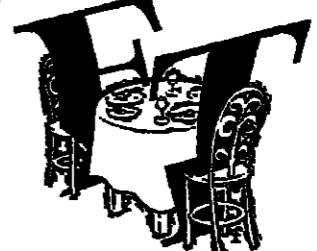
Can 200,000 FT lunchers be wrong? That is the number who have enjoyed the 1993 Financial Times lunch promotion over the past two weeks and their obvious enjoyment has not been lost on the 300 restaurateurs who have taken part.

Throughout the past fortnight, the FT's telephone chasers have been calling restaurants early every morning (before the reservation lines get busy) to check availability of tables for the following day and to find out whether restaurateurs are keen to continue the FT menu at their chosen price level.

The good news is that many are planning to do so and any reader keen to repeat an enjoyable FT lunch during the rest of this month should keep a copy of the complete restaurant listing and call the restauranteurs directly.

A comprehensive round-up of all that this fortnight has produced in terms of fun, sales, anecdotes and lessons for the restaurant-goer and the restaurateur will appear in the Weekend FT on Saturday March 4 with the names of our competition winners.

However, even at this stage, it is possible to see a difference between the original 1993



Lunch for a Fiver promotion and its 1993 successor.

Two years ago, Lunch for a Fiver was a ray of sunshine in the middle of the recession, an excuse to lunch in spite of the economic gloom.

For restaurateurs it was a sharp reminder that their pricing structure, which had surged ever upwards during the 1980s, had lost touch with their customers' wallets. In the 1990s the emphasis has to be on value.

Many restaurateurs have followed these lessons diligently. But the impact of the 1993 promotion has shown how sensibly many restaurants' lunch trade is to marginal pricing, particularly during the quiet February period.

By expanding the lunch, from £5 to £7.50 and £10, the FT has allowed many restaurants to reach a market they never thought was there.

The Hole in the Wall, Bath, instead of serving a £12.95 business lunch menu to 12-15 people has been serving a £5 menu to 40-50 in west London. Rose Gray, chef/proprietor at the River Cafe, was still in her kitchen last Friday at 5.50pm saying that she had cooked 120 lunches that day instead of the usual 40.

The pattern has been repeated throughout the country. Annie and Germain Schwab, who run the Michelin-starred Winteringham Fields, Humberstone, summed it up for many: "This promotion has been a great learning experience for us. In the past we have always steered clear of anything that smacked of us having a hard time and are desperate for anything that comes our way". But this fortnight has brought us the business customer who thought we must be horrendously expensive and they have all been pleasantly surprised to learn that our normal two-course lunch menu is only £12.50. We feel sure that as a result of this FT promotion, our luncheon business will be hotting up."

Nicholas Lander

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Jancis Robinson, the Weekend FT's wine writer, won the André Simon Memorial Book fund award this week for *The Oxford Companion to Wine* (OUP, £30, 1,088 pages).

Already regarded as a standard reference work, the book is in its third printing and won Jancis the £2,000 top prize.

In a successful evening for the Weekend FT's food and drink team at the awards ceremony in New Zealand House, Haymarket, London SW1, Edmund Penning-Rowse was short-listed for his history of Chateau La Tour (Seagrove Faulkes, £150, 572 pages).

Winner of the food book award went to chef Simon Hopkinson and Lindsay Bareham for *Roast Chicken and Other Stories* (Ebury Press, £18.99, 230 pages). Jill James



Contestants in the coffee competition

It may be the Irish blood in me but I have a hearty appetite for the potato. Not for any old potato, mind you. And certainly not for a solitary diet of The Lumper, the only kind of potato, indeed the sole food so it is said, on which many of the Irish poor subsisted before the blight and famine of 1845.

The pleasure for me lies in variety and in choosing the right potato for the right dish: super-waxy, fine, firm, smooth, floury or deeply mealy. Many of my favourites are old ones - La Ratte, Kerr's Pink, Dumbar Standard, Pink Fir Apple, Catriona, Belle de Fontenay, Scottish or Irish grown Golden Wonder, Jersey Royal and Record.

Nostalgia may play some part in my choice but these are potatoes of character, not bland; and I favour a fair number, rather than just one or two, to avoid monotony and for fear of putting all my hopes in one basket.

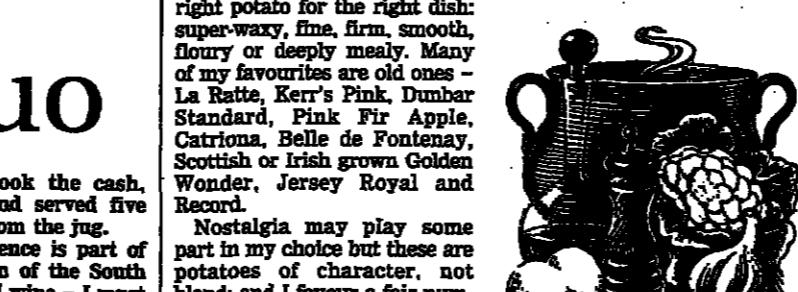
The women of ancient Peru had the right idea. They gave prizetatoes as bridal gifts, handing them down from mother to daughter; and they sometimes planted as many as 50 different sorts in a single field, for the sake of varied eating and to guard against devastation by pest, disease or adverse weather conditions.

How very different from the Irish situation of 1845 years ago. How different too from the current British situation. You would have thought we would have learnt by now that diversity is vital in combatting disease, and that monoculture is an invitation to epidemics. Yet, something like two-thirds of the earlies and half of the main crop potatoes grown commercially in Britain are accounted for by just three varieties each.

Loyal troops are, however, fighting the good fight for the spud. Spearheading the campaign are Alan and Jackie Gear who run the Henry Doubleday Research Association. Their right-hand man is Dr Jeremy Cherfas, head of genetic resources.

There you will find a dozen or so different sorts of potato on sale at any one time - sold by named variety, with notes about their taste, texture and uses. Usually, more than one kind is organically grown.

Last February, the association celebrated potatoes by hosting a special open day, an occasion I enjoyed to the hilt. Next Saturday is designated



opportunity both here and abroad, and amateur gardeners will be given the opportunity to grow and taste a selection for them-selves.

Another key figure in this group of potato gossips is Alan Wilson, the man responsible for bringing the delights of chestnutty La Ratte to the attention of the British public, and generally leading the way back to offering potatoes of diversity in our shops.

Wilson is a self-confessed potato fanatic, avid gardener and author of *The Story of the Potato*, published by himself. He is also vegetable buyer for Waitrose, where more choice and more information about potatoes is available than in any other outlet I have visited.

For details, contact The Village Bakery, Melmerby, Penrith, Cumbria. Tel: 01768 881515 or fax 01768 881848. JJ

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BENGAL CLIPPER BY THE RIVER

At Butler's Wharf, Tower Bridge, exceptional Indian cuisine in a magnificent environment enhanced by live grand piano every evening. This large and stylish restaurant has just been acclaimed as one of 1994's best. For a reservation, please call: 071 357 9001. Corner Shad Thames/Curlew Street, London SE1.

APPETISERS

Prizes for FT duo

London, Edinburgh and Glasgow are well worth the £7 to be asked. These wines will make an excellent introduction to the South African wine industry's exciting new era.

So you like architecture and cakes? Then pop along to the Royal Institute of British Architects' centre, in Portland Place London, W1, where the Patisserie Valerie has opened a cafe on the floor of the grand II listed building.

Breakfast, light lunch and tea will be served and, if it ever stops raining, seating will be available outdoors this summer in the sculpture court.

All architecture centre exhibitions are open to the public and free. For inquiries ring 0171-580 5383.

A practical accompaniment to last week's review of the latest New York restaurants is Eric Asimov's *Guide to the Best Inexpensive Restaurants in New York* (HarperCollins, £7.50/\$10, 224 pages).

Talking of which, Thelma continues to produce some of the best value fine wine from the Cape. According to John Platter's newly-published *South African Wine Guide 1995* (Mitchell Beazley, £8.99, a symbolic and detailed addition to its pocket wine guide range), Thelma's Gyles Webb was asked the price of three of his bottles by a rather grand French visitor. Albert de Vilaine, of Burgundy's fabulous Domaine de la Romanée-Conti. "No charge, I'll swap them for three of yours," ventured Webb. Even Khrushchev, the former Soviet leader, failed to winkle a free bottle out of Thelma-Conti, it is said, so it is hardly surprising that this gifted but relatively debutante South African wine producer failed too.

Thelma's first vintage was 1987, but the wines on sale at Oddbins Fine Wine Shops in

cappuccinos, took the cash, gave change and served free other coffees from the jug.

Aruna's presence is part of a reorganisation of the South Bank's food and wine - I must declare an interest since I am the South Bank's consultant - which has for the first time introduced internal competition to the site. Sutcliffe Catering manages the bars, the Festival Buffet and Riverside Cafe. A new restaurant, The People's Palace, will open on March 16 to be managed by Joe Levin of The Capital Hotel, London SW3 with television chef Gary Rhodes.

Nicholas Lander

Next month Paul Merry leads more baking courses for groups of five or six in his house, the former Black Bull pub in Kirkcaldy, near Perth.

Learn bread-making principles, how to bake with leavens and sourdoughs, aspects of fermentation and hone your practical skills in moulding, shaping and proving.

Weekend courses, including tuition, materials, Saturday night accommodation and meals, including dinner, costs £195. One-day courses cost £95, both include VAT.

For details, contact The Village Bakery, Melmerby, Penrith, Cumbria. Tel: 01768 881515 or fax 01768 881848. JJ

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دكانت الراحل

الإمارات

TRAVEL

Luxury and safety taken on board

Charles Batchelor looks at the \$7.5bn flotilla of new liners which is under construction at shipyards around the world

Three swimming pools, one of which is the largest ever installed in a cruise liner; menus created by Anton Mosimann; and an art collection which will include seven specially commissioned sculptures. P&O Cruises' *Oriana* will represent the latest in cruise liner luxury when it comes into service in April.

But the *Oriana*, designed to provide round-the-world cruises, will not be ahead of the game for long. The growing popularity of cruises has meant that a flotilla of new liners - 30 in all, with a combined value of \$7.5bn - is currently under construction, or on order, at shipyards around the world.

At just under 70,000 tons and with room for just under 2,000 passengers, *Oriana* is the largest vessel in the P&O fleet but she will soon be overtaken by two 77,000 ton liners the *Dawn Princess* and the *Sun Princess*, due to come into service in late 1995 and 1997 respectively.

An even larger vessel, the 100,000 ton *Grand Princess*, designed to carry up to 2,800 passengers is also for delivery in 1997.

The cruise companies are responding to rapidly growing demand which saw nearly 300,000 passengers from the UK in 1994, an increase of 15 per cent on the year before. This figure is expected to rise to 700,000 passengers by 2000 while the dominant US cruise market is expected to show similar rates of growth to 8m passengers by the turn of the century.

Passengers who sign up for a cruise aboard the *Oriana* will no doubt be drawn by the glossy brochures illustrating the luxury of its 900 cabins, the 110 state rooms, the six lounges and its dance floors. They will pay less attention to the efforts which have gone into making the vessel a safe, as well as a relaxing, ship.

These include a computer-controlled safety management system which can reconfigure the ship's complex ventilation system to contain the smoke and heat from a fire, still one of the greatest threats to a vessel at sea.

An on-screen display allows the captain and the ship's safety officer to monitor the development of a fire and alert other crew members.

"We have anticipated a lot of the regulations which are due to come into effect later in the decade," said Richard Vie, P&O Cruises' technical services manager. Low level lighting, similar to that now required on aircraft, has been installed directing passengers and crew to safety exits, should smoke obscure the normal lighting.

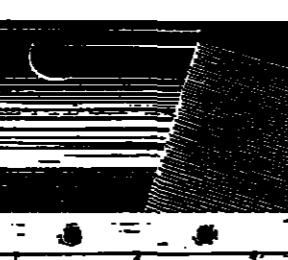
A cruise should provide the ultimate form of holiday relaxation. But two recent incidents involving cruise liners have

raised concerns about the safety of passengers.

The fire which destroyed the *Achille Lauro* in the Indian Ocean last December highlighted the vulnerability of cruise vessels, in spite of all the efforts which have been made to improve fire control measures.

The temporary detention of the newly refurbished *Queen Elizabeth II* in New York harbour by the US Coast Guard because it failed to meet US fire rules emphasised the sensitivity of the safety issue.

The safety record of the cruise industry is good, but many of the vessels are extremely elderly. The International Maritime Organisation, the UN agency charged with regulating ship safety, is engaged in a long-term programme to tighten up the rules.



CRUISING

Safety

At the same time, the related issue of the security of passengers and their protection against a possible terrorist threat, has become a significant concern of the US authorities.

This was triggered by the hijacking of the *Achille Lauro* in 1985 and the death of a passenger in 1988 and acquired renewed topicality last year in the wake of other more recent terrorist incidents.

The rescue of nearly 1,000 passengers aboard the *Achille Lauro* with the loss of just two lives can be seen as a success for the life-saving procedures aboard the Italian-owned vessel.

But the incident did highlight the vulnerability of older vessels to fire and the risks of transporting large numbers of people, many of them elderly, across distant oceans. In spite of the efforts of the crew, the fire continued to blaze on the abandoned vessel and it sank while under tow to Kenya.

The loss of the *Achille Lauro* is still being investigated by the Italian authorities. Their inquiry will look closely at the effectiveness of the fire precautions on the ship, which was built in 1947 and refurbished in 1985.

The standards of fire safety aboard passenger ships, which include ferries as well as cruise liners, are currently being upgraded following a fire

aboard the *Scandinavian Star* in April 1990 which cost 158 lives. The vessel, a ferry, was en route from Norway to Denmark when the blaze occurred.

This programme requires a progressive implementation of tighter rules agreed within the International Maritime Organisation. It started in October 1994 and will run through to 2010.

The IMO has been criticised for the time taken to upgrade ship safety but it points to the need to obtain the agreement of its members to amendments to the rules and the time which is then required for national governments to implement the changes.

"Work is going on all the time but it is unfair to expect shipowners to change every few years," said Roger Kohn, IMO spokesman. "Many cruise ships are very old and it was felt we could not have gaps between the standards applied to new vessels and the older ones."

Walter Welch, director of marine services at the UK Chamber of Shipping, said: "There will be a significant improvement in fire protection when the new regulations are applied retrospectively to existing cruise ships."

The IMO regulations are aimed primarily at bringing older ships up to the standard of the most modern vessels but even the newer ships are not without their problems. A popular design feature of modern cruise liners are large, open public areas. These require special protection by elaborate fire detection and sprinkler systems.

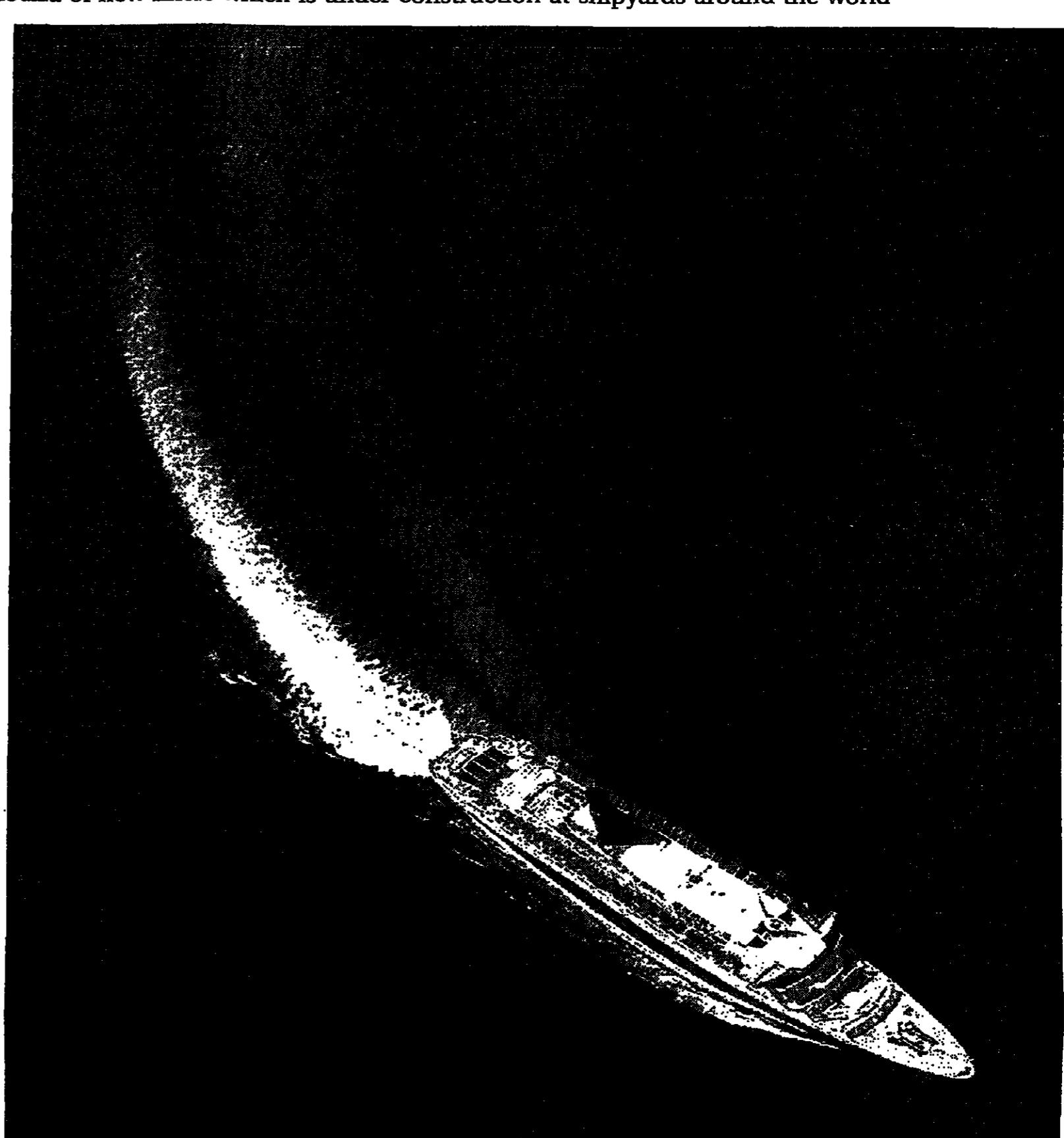
The problems encountered by the QE2, fresh from an extensive refit at a German yard, were unusual but with potentially serious consequences. The QE2 sailed from Southampton with a large complement of building workers still attempting to complete refurbishment work.

The liner left with the blessing of the UK Marine Safety Agency but was detained in New York by the US Coastguard, which was unhappy with the building materials which were blocking passageways and impeding a rapid evacuation.

Cunard, the vessel's owner, denied that safety had been jeopardised but the coastguard would not let the vessel sail until the work was completed.

With a significant part of the world cruise industry dependent on vessels based at US ports, the US Coastguard plays a significant role in the regulation of safety standards in the industry. It is the coastguard which is currently seeking to implement tougher security standards to reduce the threat of a terrorist attack.

The International Council of Cruise Lines, which represents 24 companies accounting for 90 per cent of world cruise capacity, believes that the measures



The QE2 will soon be facing stiff competition as cruise companies respond to rapidly growing demand

proposed last year by the coastguard are too rigid.

The council, which has its headquarters in Washington DC, wants a more flexible arrangement with procedures designed to respond to the perceived level of the threat.

"The present proposals require 100 per cent security at all times," said John Estes, president of the council. "We

are convinced that that would not be effective. You have to alert people for specific reasons and then phase down. You cannot have people on alert all the time."

The council proposes a three-tier system of response. The first level would exclude unauthorised visitors and require passengers to use their tickets or boarding cards as identity

cards.

Passengers would be screened by metal detectors and ships would be required to appoint a security officer.

Level two would apply when there was a medium risk of attack. This would require passengers to have photographic identification and involve searches of at least half the passengers coming on board

and their baggage. Level three, in response to a high risk of attack, would require checks on all embarking passengers.

Other commentators are also sceptical of the need for such far-reaching measures. "These proposals would slow boarding," said Alec Bilney, of the London-based International Chamber of Shipping. "There may be up to 2,000 people com-

ing on board a cruise ship compared with 300-500 on a jumbo jet."

The cruise lines, whose vessels serve ports around the world, are also keen that regulations should not be introduced on a country or regional basis. "It is important that security measures are co-ordinated internationally," said Estes.

Music makes a happy sailor

Claire Frankel finds caviare, champagne and concertos a perfect cure for sea sickness

Cruising was never my shtick. While others were enraptured by the sparkling sunset dancing on the waves, I was busy clutching a rail or sleep-off the dramamine - getting there was never half the fun. But I am now a devoted sailor, happily striding up the gangplank with the sure knowledge that the next 12 days are going to be spectacular.

This turn-about has nothing to do with a new wonder drug, but everything to do with music. Consider this: I am curled in a cushy, brown leather barrel chair in the Grand Salon of Costa-Paquet line's flagship, *Mermoz*, listening to Mstislav Rostropovich rehearse Bach's Suite No.3. Tall windows on either side of the room reveal a smooth Mediterranean glistening in the sunshine. At the far end of this floating concert hall stands a long mirrored bar, ever open to one's quenching needs.

I'm encouraged to be a part of "Slava's" musical decisions, his judgment to interpret a phrase *moto agitato* or *andantino*, to improve a trill almost imperceptibly, in fact, to be an emotional participant in the making of wonderful music.

The Music Festival of the Sea is a magical odyssey which sails from Toulon at the beginning of September - this year will be the 33rd. It uniquely combines the finest musicians with exceptional French cuisine and tours of interesting ports of call. Of course the usual cruise activities are all available on board, such as shopping, table tennis, bridge, swimming, movies, gambling and gossiping, but the consum-

ing passion is music. Rehearsals and concerts - as many as three a day take place on board or at some exotic venue on land: plus the enviable possibility of chatting informally, around the pool, at the bar, at lunch or dinner with one of the other passengers who might just happen to be the conductor of the Sinfonia Varsovia or a superb violinist, soprano or pianist.

A typical day at sea might start with breakfast in the cabin or in the glass-enclosed top deck called the Lido where a large buffet awaits. Most passengers arrive here wrapped in their cotton robes (supplied), laterunching outside by the pool. From 10am the Grand Salon gradually fills with musicians and passengers for the daily rehearsal. You come and go quietly, read and listen, have a coffee or a bloody Mary, take a few pictures. Or you may choose to attend a morning lecture in English or French, either about the port to be visited or about music.

Last year, Misha Donat, head of Chamber Music for BBC Radio 3, talked and interviewed musicians for the Angophones. At one of them, oboist Douglas Boyd and Donat discussed Mozart's antipathy to the flute. A quiet voice from the back of the room inquired: "Then why didn't he write The Magic Oboe?"

After a buffet lunch, you may take the afternoon excursion (air-conditioned buses and guides await), or choose to read and eavesdrop around the pool ("I didn't recognise her - her hair was blonde last year" or "Chopin would have

Cabins are no better than cruise, said that all of his other ships are for the mass market - he has just ordered a new one capable of taking 2,200 passengers - and Paquet will be his quality line. Until the end of 1997, when an international safety convention takes effect, no changes will be made.

Prices, ranging from £4,500 to £7,500 per person in a double cabin, give pause even to those with healthy wallets, although this includes everything except end-of-the-cruise tips. Fifty per cent of cabins for the 1995 cruise were sold by the time the ship had docked back at Toulon.

A traditional anecdote - it may be apocryphal - has it that a woman who had been on the cruise 15 times was asked what she really liked about it. She replied that her bridge partner was superb, the ambience suited her perfectly and the food was lovely. But the music, came the query, how about the music?

"Oh," she answered, "it didn't bother me a bit."

■ **Musicians on board in 1995:**

Piano, Evgeny Kissin and

Tomas Vassary; Violin, Salvatore Accardo and Shlomo Mintz; Viola, Yuri Bashmet;

Clarinet, Paul Meyer; Flute, James Galway and Emmanuel

Paquet; French Horn, Barry

Tuckwell; Contre-tenor, James

Bowman; Ensemble, English

Chamber Orchestra, Fine Arts

Quartet and Classic Buskers.

A small panic went through

the ship when it was learned that Paquet's ships, the *Pearl* and the *Mermoz*, had been sold to the Italian line, Costa. But fear not. Mr Costa, on board last year for his first musical

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TRAVEL

Amid the dug-out canoes, bumboats and sun-blistered wooden ferries crowding the jungle port of Manaus, Brazil, a sleek white ship of unimaginable luxury, the *Seabourn Pride*, was leaving on a voyage along 1,000 miles of the caramel-coloured River Amazon.

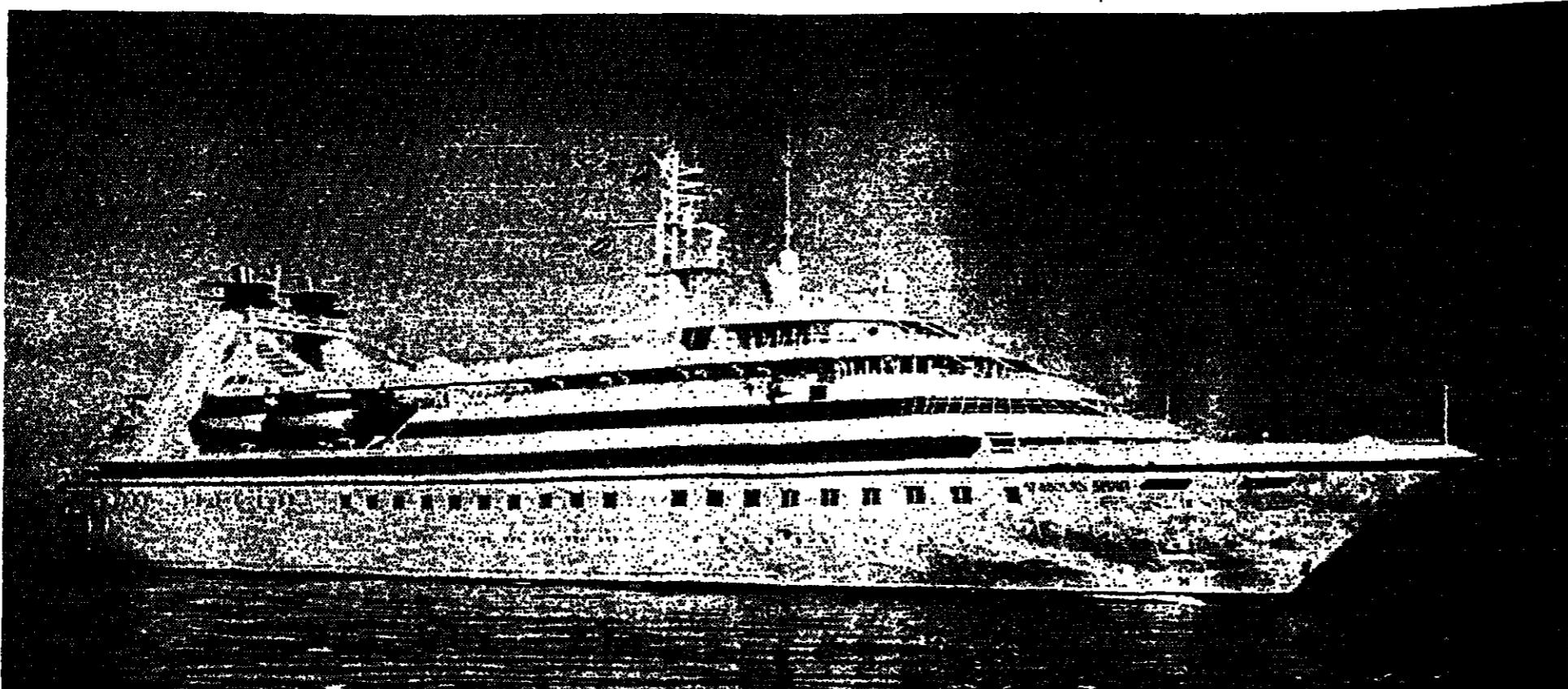
This tiny ship, which carries only 200 passengers, and her twin, *Seabourn Spirit*, have set new standards for cruising since they were launched in 1989.

For the third year in succession, readers of *Traveler* magazine have just voted Seabourn the world's best cruise line. These are ships for people who could certainly afford their own yacht but who do not want the bother. It is a case of "if you need to ask the price you know you cannot afford it."

But, since you ask, it costs from around \$1,000 a day for each person.

Going on board at Manaus, in the febrile rain-forest climate, the *Pride* breathed refrigerated elegance. A glass of champagne in one hand, I was led across marble floors down pastel-carpeted corridors to my suite. (Nothing as mundane as a cabin on this ship.) A vast space "doubled" by judicious use of mirrors, and containing a 6ft bed, sofa, a coffee table that became a dining table when you wished to be *a deux*, desk, bar filled with crystal glasses and several bottles of "free" liquor of your choosing, a television and video recorder. The "porthole" is a full picture window. The marble bathroom boasted twin basins, a full-sized tub and next door, a walk-in dressing room furnished with J hanging rails - vital for those (and there were many) who changed four times a day.

Leaving Manaus gave us a dioramic view of this exotic city. In the 1890s, when almost all the world's rubber came from the Amazon, it grew into an opulent boom town with broad tree-lined boulevards and vast colonial mansions. The famous Teatro Amazonas, the replica of La Scala, built in a jungle clearing, still stands today. It has been beautifully restored as a testament to that golden era. Now the city is largely a throbbing slum, a jumping-off point for trips up and down the Amazon in varying degrees of excitement or discomfort. (The favourite



The Seabourn Spirit: chilled champagne, marble floors and dinners à deux, should you desire

VIPs of the Amazon jungle

Catherine Stott passes through another more primitive world while sitting in the lap of luxury

costs \$100 for 10 days, sleeping in a hammock on the deck of a ferry - that would buy you just 24 hours on the *Seabourn Pride*.

To enlighten us about the ports of call on our 16-day voyage, we had an "enrichment" lecturer. Captain Loren McIntyre, who, at 43 years an Amazon explorer, discovered the river's true source in a Peruvian mountain lake, which is now named after him. No better guide could have been found. His lectures were a superb preparation for a journey through the last great wilderness on earth - a virgin jungle the size of Europe.

Sometimes the River Sea, as the native Indians call the Amazon, was so wide you could see neither side. At other times you could almost reach out and touch the rain forest. We British had prepared for our motorised canoe trips and

jungle walks with malaria prophylaxis, insect repellent and protective clothing.

The normally paranoid Americans wore shorts, took no medicine and, dammit, survived unbroken.

It seemed quite extraordinary to be gliding along through the jungle in air-conditioned splendour when a few feet away there were snakes that kill in seconds, Indians with poison darts and, beneath us, deadly fish.

We clambered into motorised canoes to explore the spinach-green waterways of the Anavilhas jungle archipelago, passing the primitive settlements of Capocis, riverside peasants of mixed Portuguese and Indian blood who live either in stilted villages or aboard rafts. Their lives are divided by the climate - when the mid-year rains come, the forest is more than 50ft under water.



CRUISING Luxury

Footpaths become waterways - you paddle your canoe above the treetops. Where birds fly, fish swim.

Landing in December, the low water season, we visited what is arguably the world's mostly oddly sited hotel - the Ariau Jungle Tower, a tree-top

lodge with dizzying 63ft high stilts walkways above the rain-forest canopy, from which you look down on rare orchids, green monkeys and brilliant macaws.

The same evening we anchored in mid-stream and were taken to a bone-white river beach for a barbecue of freshly-caught fish. When it poured with rain they gave us each a plastic bag to sit in - making dancing hilarious when the salsa band arrived by canoe.

Those from the pampered oases of Beverly Hills, Scarsdale, Park Avenue and Park Lane revelled in the very mild discomfort of these forays, ever mindful that soon they would be returned to the sybaritic cocoon of a five-star plus ship.

It cannot be easy to stock a ship for a jungle cruise but the chef performed like a magician, conjuring up oysters, lob-

ster, caviar and designer salads from who knows where. The food was perfect, the service caring beyond belief (the entire staff memorised your name within two days). And for those on a romantic sojourn in one's suite, each à la carte course arriving with immaculate cutlery.

River cruising is never boring. Sitting in the top-deck Constellation Lounge with its wrap-around view over an ice-cooled, gazing through binoculars was perfect. The life of the river bank came alive.

Short excursions were particularly well-chosen. Docking at nightfall at Parintins, the folk-lore capital of Amazonia, we went by school bus to a "Boi Bumba" carnival; several captains of industry shed their inhibitions on the dance floor after a couple of local fire-water cocktails and danced

entranced with the feathered, bejewelled local beauties.

Our fellow passengers were industrial strength capitalists, enviably elegant, witty and knowledgeable world-travelled American, German, Swiss, British, Australian (Oddy, the finest suites were occupied by Ecuadoreans.) There was a large and affluent gay contingent from all nations who quickly got together and held the best (we hear) cocktail parties.

Several riverside villages welcomed us with dancing and gifts of feathered-necklaces, memorably at Alter do Chao, an idyllic spot on palm-fringed lagoon ringed by thatched houses.

Passengers jumped at the chance to attach morsels of best fillet steak to strings to catch deadly piranhas (we threw them back). The riparian life was timeless: water buffalo

lined the banks, dogs and toddlers frolicked in the tea-brown waters, green parrots dive-bombed us, floating laundry bobbed past. Manioc root was pounded with piranha flesh, the staple diet.

Aboard there was a fair amount of "what plane do you fly" one-upmanship, and which addresses in Palm Beach were "below the salt," but it was for the most part good-natured and amusing banter.

My vote for the best over-heard bitchy comment came from a Manhattan attorney, to his wife: "I'm not dining with her again, she's had a charisma bypass, Triple."

At Monte Dourado, where the late Daniel K. Ludwig's dream Jari Project churns out 753 tons of wood pulp a day, we raced in motor canoes for two hours through matchless jungle scenery, transferring to wooden paddle steamers which went aground during our luscious picnic. When the wife ran out on ours, the waiter, appropriately named Bacchus, jumped into the piranha-ridden waters and, with his tray held high, swam to the next high, swam to the next marooned craft for reinforcement. A hero.

The ship spent the last two Amazonian days cruising the Brevis Narrows, slim jungle channels of harrowing solitude with a mile between each waterside home. Children circled the ship in their dug-outs frantically waving at this astonishing craft passing so close to them.

Then it was out into the Atlantic and a non-call at Devil's Island because of stormy weather... clever of Papillon to have escaped from there in those seas. (River cruising makes you forget that water can be rough... we had a fairly vivid passage thereafter to Antigua, St Thomas, the Grand Bahamas bank and into our disembarkation port of Fort Lauderdale.) We had sailed 4,000 miles in extreme comfort, had quite enough adventures for the rich and timid and learned, I hope, how the Amazon functions. Quite unforgettable.

Catherine Stott was the guest of Seabourn Cruise Line. Seabourn *Pride* will visit the Amazon this month, next month and in November and December. A 14-night cruise costs from £2,503 per person including the flight to or from Manaus, all Amazonian excursions and gratuities. For brochures and reservations call 0171-820 4117.

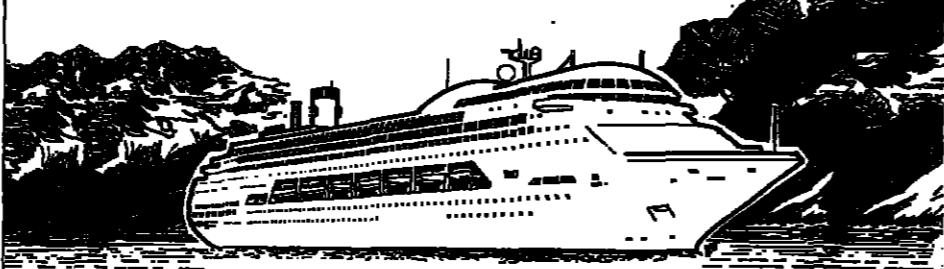
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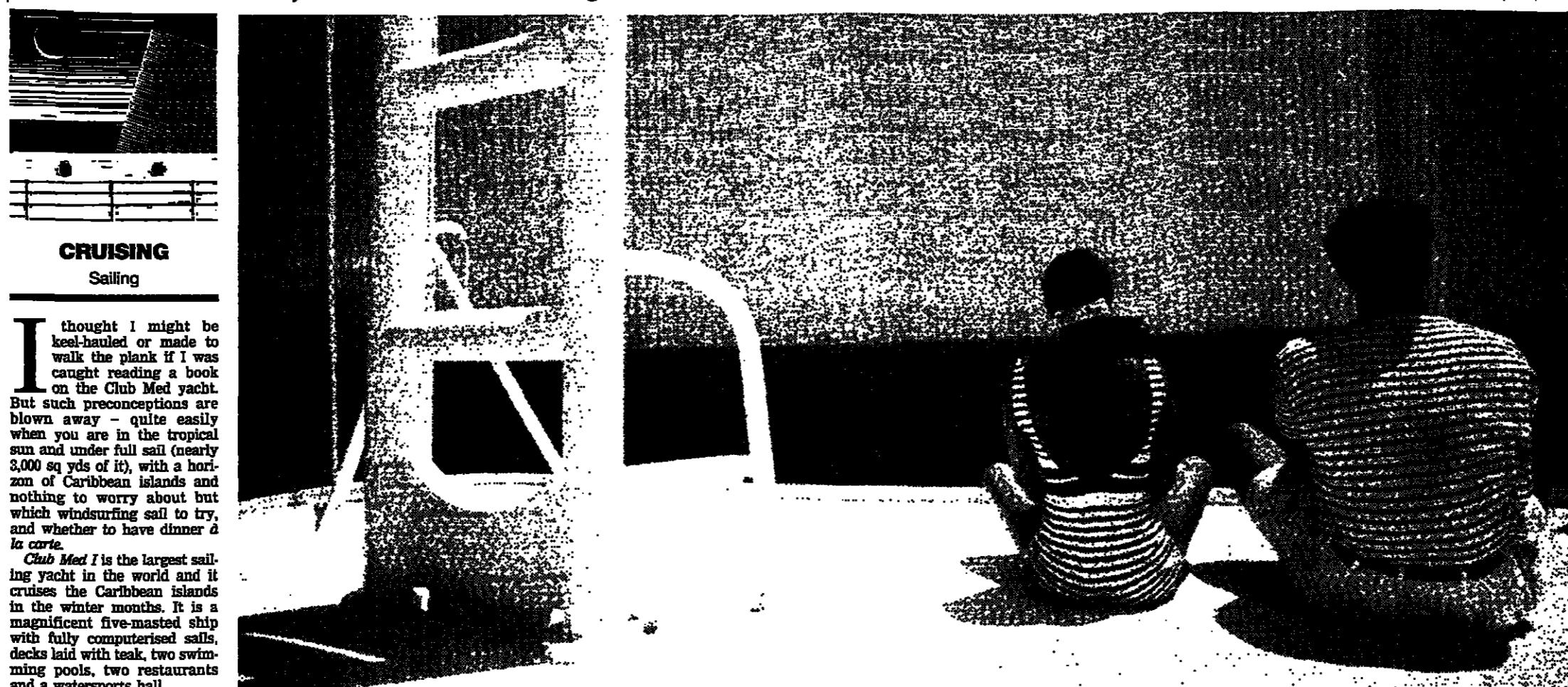
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TRAVEL

Under sail on an antidote to civilisation

James Henderson joins Club Med I, visiting some of the smaller Caribbean islands while indulging in a surfeit of watersports and good food

**CRUISING**
Sailing

I thought I might be keel-hauled or made to walk the plank if I was caught reading a book on the Club Med yacht. But such preconceptions are blown away – quite easily when you are in the tropical sun and under full sail (nearly 3,000 sq yds of it), with a horizon of Caribbean islands and nothing to worry about but which windsurfing sail to try, and whether to have dinner à la carte.

Club Med I is the largest sailing yacht in the world and it cruises the Caribbean islands in the winter months. It is a magnificent five-masted ship with fully computerised sails, decks laid with teak, two swimming pools, two restaurants and a watersports hall.

But even as the world's largest yacht, Club Med I (with a maximum of 400 passengers) is still small in comparison with most Caribbean cruise ships (which take 2,000 passengers in some cases) and so it has the advantages of intimacy and a more flexible itinerary.

The Club Med formula is still not that well known in the UK – you might have been persuaded to join a French friend in a Club Med Village, or discovered with relief the benefits of an all-inclusive package when the children's watersports hill became so huge – but Club Med still has difficulty shaking off the image of an up-market Butlin's.

Of course, you will be left alone if that is what you want, but all the essentials of a holiday are there in the setting.

The openness of Club Med makes it easy to enjoy the pleasures of the cruise with fellow passengers – trips ashore or simple meetings while you are leaning on the rail and watching the lights of a port recede to the horizon

the activities and the entertainment.

You, the GMs (*Gentils Membres*) are shepherded gently through all the activities by GOs (*Gentils Organisateurs*), tanned and pretty young things each one of them. As the name suggests, they are there to organise you and they will always offer a cheery good morning if you catch their eye, but it is by no means intrusive. They are a hard-working and dutiful bunch and they lay on the mighty entertainment – cabaret and variety shows.

On board, I opted for a diet of intensive watersports, and so my hang-out was the Hall Nautique, a fold-out watersports platform that emerges

at the stern of the ship (the sort of place that James Bond might pop up at any moment).

Here I was helped finally to tame a windsurfer by the compact and sinewy Bruno and had a brief and unsuccessful flirtation with waterskiing under the care of the redoubtable Parisienne Catherine. Scuba-diving was under the tutelage of two cool Canadians, Jonathon and Vincent.

In order to combat the effects of the other diet (the food on board Club Med I is excellent) I also put in a little time in the weights room, on an exercise bike with a view, guided and advised by the huge Ludovic, or Monsieur Musculation.

For a sailing ship (between 20 and 30 per cent of its power is generated by the sails), Club Med I gives a remarkably smooth ride. It does not even list. The effect of a keel is created by the ship's 187-metre length and it is kept steady by ballast. I saw the GOs teeter on stage only once during the tutelage of two cool Canadians, Jonathon and Vincent.

Club Med I is one of a number of smaller cruise ships which have appeared in the Caribbean over the past few years. Like the Windstar series (which look remarkably similar but have about 150 passengers) Club Med I and Club Med II (which cruises the South Pacific) were built in Le Havre.

The two Club Med ships have only a five-metre draught and this means that they can reach waters that the larger cruisers cannot and so there is access to isolated beaches not usually available on Caribbean itineraries.

There have been some changes in bringing the Club Med plan on board. The old egalitarian spirit of the original Club Med (post-war tents at the seaside and self-made entertainment just after the war) has really passed now. Over the past 10 years the company has diversified and the villages are now categorised. The Club Med yachts are at the top of the range.

The atmosphere on board Club Med I is a little more formal than in the villages, and the average age a little higher, though it is still less formal and senior than on other cruise ships (where it is often the rule to dress for dinner).

But the traditional openness of Club Med makes it easy for you to enjoy the pleasures of the cruise with fellow passengers – lazily protracted dinners, trips ashore, or simple meetings while you are leaning on the rail and watching the lights of a port recede to the horizon.

Or se vous levez, to the chagrin of long-time Club Med goers, who have come to expect the intimacy of the form. No children under 10 are allowed.

For an organisation that once called itself "the antidote to civilisation", it is all pretty sophisticated. The only time that it tips into hi-de-hi is during the hand-clapping at the introduction of the GOs and at moments during the entertainment when they sing the Club Med song.

each one marked by its own GO. I stumbled by mistake into the boutique (not a usual hunting-ground of mine) and met a couple of faces I recognised from the nightly shows. Quite by chance, I discovered the masseuse.

But most revealing was Denys, the lyrical cold buffet chef, who talked longingly about the cuisine of the Jura and his philosophy of the palate.

Happily, Club Med I tends to avoid the larger Caribbean ports of call, which on a bad day tend to be overrun with lobster-red long-distance shoppers exercising their credit cards.

The islands it does visit tend to be smaller and to have a little more Caribbean charm – Bequia and Carriacou in the Grenadines, Jost van Dyke in the Virgin Islands and the Saintes off Guadeloupe.

I never really did meet the GOs in charge of on-land excursions, which for some are a significant part of cruising life, of course. I was still giving my feet second degree burns on a windsurfer.

As for being forcibly joined in, there was not really any group activity, except perhaps aerobics (never again).

In the end I quite enjoyed the shows and seeing the GOs had come to know performing some unlikely routines.

The chef de village could turn in a mean Charles Aznavour, but my favourite was the unlikely sight of an impish Bruno (windsurfing) and the hulking great Ludovic (*musculation*), in tutus, doing their version of *The Nutcracker*.

I even managed to finish a couple of books while on board.

■ Club Med I cruises the Caribbean during the winter months (November to mid-April), following four different itineraries, and then returns to the Mediterranean during the summer.

Club Med II sails year-round in the South Pacific, around the islands of New Caledonia and Polynesia. Details through Club Med, 106-110 Brompton Rd, London SW3 1JJ (Tel: 071-581 1161).

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TRAVEL

Caviar on the barrier reef

Catherine Stott reached parts of Australia that even Australians rarely reach on a small, elite ship

Swirling through a sea of cruise brochures, a particular voyage occasionally leaps off the page at you like this: "Spice Islands, Northern Australia and the Great Barrier Reef with new year's eve at the Sydney Opera House."

Knowing that *Song of Flower* is the least pretentious, most charming of the "boutique cruisers" - ships carrying no more than 200 - we claimed the last available cabin on this exotic cruise.

All flights, shore excursions, tips, wine and an open bar were included - plus an initial three nights at the Regent Sydney and two at the Grand Hyatt Bali, as a grand finale.

Flying into Sydney from Beverly Hills, Melbourne and, yes, Pinner, the 150 passengers met for champagne before a grand new year's eve dinner and the works at the glorious opera house.

This was an unprecedented introduction to a cruise, in my experience.

After two euphoric days in Sydney, we flew to tropical, drop-sided Cairns, to sail up the coast of Far North Queensland, where the rain forest comes down to meet the Reef.

Anchoring next day off swanky, yacht-filled Fort Douglas, a 50-foot catamaran whisked us over to The Low Isles, sublime palm-fringed atolls on the inner reef, for a seven-hour South Pacific idyll of coral-viewing by glass-bottomed boat, scuba diving or snorkelling, or a beach walk with a marine biologist for the non-scientific.

Lunch was an orgy of oysters and lobster smoothed along with chilled South Australian Chardonnay.

Thereafter, *Song of Flower* took us to parts of Australia that Australians rarely reach: for example, Cooktown and Cape York - only 100 miles from Papua New Guinea - and across the Top End to Darwin.

Generally, the more remote and challenging a cruise's destination, I find, the more stimulating are the passengers.

This voyage was a fine blend of antiques experts, lawyers, bankers, writers, publishers, and even a beautiful Californian avocado planter who snorkels the reefs of the world with her son.

Cooktown can only be reached by four-wheel drive or by sea but it merits many more tourists than it receives. Captain Cook beached his damaged ships there for 48 days in 1770. In the gold rush of

1820s, 30,000 people lived there, patronising 94 pubs and as many brothels.

Today, there are 1,300 people and three pubs. The time-warp main street is pure late-Victorian stone grandeur. Even the "grog shop" is a National Trust Listed building. The bank has no security screens. With only one dirt road out of town there is no escape.

Our outback guide, whose boots had snake-proof canvas puttees sewn on to them, caught and ate flying green ants: "Bite it cold, it bites you... tastes like citrus."

The outback pub we were taken to was straight out of Crocodile Dundee. Packed with gloomy, red-eyed Aboriginals

and bizarre "ferals", once-civilised men who had "gone bush" with wild eyes, long hair, and matted beards. They sat drinking Riesling on the rocks into oblivion.

"The Lion's Den" sported cobwebs 130 years old, jars of snake on a cracked piano, and a butch landlady with a broken arm. Steer skulls hanging from the rafters recalled the drought-thin animals on the parched cattle stations outside. Lunch was a "barbie" in the burning hot bush which consisted of meat pies and sausages and freezing beer.

A day at sea in tropical sunshine was a chance to appreciate *Song of Flower*. Intimate best describes the ship. The staterooms are not vast but well-fitted. There are acres of closet and drawer-space, which is sensible since dressing-up is much encouraged, in 11 nights, three were formal.

The food could not be faulted even by the choosiest of gourmets. Hors d'oeuvres might be carpaccio, prosciutto or lobster (always caviar as an alternative). Main courses were of fresh grilled fish, rib of beef, duckling with chestnuts or king crab with many choices. Sorbets and petits fours followed with superb coffee.

Most palatable white and red wines were offered at lunch and dinner; French, Australian, Californian, Italian. You could of course pay for even finer wines if nothing pleased you.

A breathtaking put-down occurred when the avocado planter, offered a wine from Robert Mondavi's not inconsiderable vineyard, snorted: "We don't drink Mondavi, we cook with it."

Unlike some of the elite, tiny ships, there was rather ambitious evening entertainment, cabarets, illusionists, singers... and a discreet gaming room.

In the day-time, Professor Geoffrey Blainey, of Melbourne



Comfortable cabins on a voyage that attracted a fine blend of antiques experts, lawyers, bankers and writers

University and a well-known author, lectured us brilliantly on Australia's history, its future as a possible republic and the Aboriginal question.

But it was the service that made the cruise so special. The officers are Norwegian, the cruise staff English and the waiters European and all set out to spoil you - in a way that is gratifying when gratuities are included in your fare.

Anchoring off Cape York, the very tip of Australia, we were looking at one of the world's last great wildernesses, cut off except by sea during "The Wet".

The landing we were to have on shore was also to be wet as the ship's tender could not go up on the beach and we had to walk the last few yards through the water.

Al of us were issued with a pair of "panny-hose" to encase our legs against the killer sting of the box jelly-fish.

Consternation. Do you put them under or over your trousers?

"Have you seen the size of my hubbie's thighs?" bemoaned an Edina Everage. "He won't get them on." With death the alternative, he did.

Stumbling wetly ashore in astounding heat we made our

way to the Pajinka Wilderness Lodge, owned now by the Injinoo Aboriginal Tribe for a "Kup Marri" feast where the meat is baked underground.

A sign read: "Beware of the estuarine crocodiles that inhabit these waterways. Baked croc perhaps? Or merely goanna?"

We stuck to oysters and crab at the pretty jungle rest house. On the rain forest walk, it rained. And rained. And rained.

Darwin. Professor Blainey told us, is nearer to Djakarta than to Adelaide. You are only a true "Territorian" if you have stuck the fetal climate for more than five years. No wonder it has the highest per capita consumption of beer than anywhere in the world.

A cursory tour of the city showed two malls, a television station, and little else as we sped alongside mangrove swamps and 20ft tannin mounds to the Adelade River.

There we boarded a boat and pretty girls flung chains from the top deck attached to pork bones that stirred 10-year-old crocodiles to rear out of the water and grab them. An ugly spectacle. The prurient skipper pointed out Hannibal, an ancient male who eats the

female while mating. Terrific. The low-spot of my trip.

A further reptilian encounter was a morning on Komodo, home of the eponymous dragons - man-eating prehistoric lizards 9ft long. I confess I ducked the spectacle of them tearing apart a sacrificial goat.

"How was it for you?" I asked my husband. Echoing Lord Curzon when first he saw Lake Geneva, he replied: "Ghastly. Perfectly ghastly."

Bali was a revelation. Wetter than wet in January it was still possible to divine a land of terraced emerald rice fields climbing blue mountains. A whole day farewell tour showed us an island of unimpaired beauty. The temples, the carvings, the works of art. Hotels of great luxury, such as ours: The Grand Hyatt, at Nusa Dua.

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Where to
the discou...

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SPORT

Golf/Derek Lawrenson

The shark reaches 40

In 1986 Greg Norman led going into the final round of all four major championships. He was 31 years old. The Watson era was coming to an end and here was the ideal successor. He had blond hair like Nicklaus and his golf recalled the swashbuckling age of Palmer.

How many majors would he win in his 30s? Five? That was surely erring on the side of caution. When he won The Open at Turnberry in July by a street, one a year did not appear beyond him. The tabloids dusted down the "Norman conquest" headline and prepared it for heavy use.

Norman turned 40 yesterday. In The Open at Sandwich 18 months ago he took on Nick Faldo and Bernhard Langer playing some of their best golf and neither came close to matching him.

"That was the finest round I have ever seen," the German said, while Faldo found a quiet corner to sulk in.

More column inches have been expended on Norman than any of his peers. Watch him on the practice ground alongside his contemporaries and the quality of his ball-striking is so superior it is almost embarrassing. More people follow him around a course in the US when he is playing badly than would watch Faldo, Langer, and Nick Price duelling for first place.

He has won tournaments on every continent and generates more revenue through endorsements and personal appearances than a medium-sized soccer club. So, given all this, why is it that when we think of

At practice,
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lines. As things have turned out, the World Tour has mirrored Norman's career, promising a lot but not delivering. No player has remained at the top of his profession for so long and won so few major championships. Over the past 10 years no player has given himself more opportunities to win. He has been within four strokes of the lead going into the final round on no less than 23 occasions. To win just two, and none in America, where he has spent much of his working life, outlines a fatal flaw.

His supporters would have us believe that his weakness is simply bad luck. In the 1986 USPGA Championship he was beaten by Bob Tway holding a bunker shot on the final hole.

Norman we think of a failure to live up to expectations?

For a professional golfer, reaching 40 is like 30 for most other top sportsmen. It is a moment to reflect on their achievements and wonder how much time is left to them at the height of their profession.

Appropriately, Norman ended his prime years on a tidal wave of publicity.

We are having a World Tour in 1995, he said. The announcement generated large head-

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In the shade: Greg Norman, who reached 40 yesterday, has been eclipsed by lesser talents

David Cannon

Faldo did not give a press conference. He jumped in his car and, as a couple of British journalists endeavoured to gain a quote, ordered his chauffeur to drive off. I followed Norman up the hill from the second extra play-off hole. He signed the odd autograph and acknowledged the crowd's sympathetic gestures. He was asked for a quote from a couple of media people and he said that he would just change his shoes and then he would answer all questions. He was as good as his word.

The last question was: "You must be the most disappointed man in the world tonight, Greg. How do you handle such disappointment?"

Norman said: "How do I handle it? Well, I'll leave here and fly home to Florida in my private plane and I'll watch the sun go down on the veranda of my \$6m house and then I'll get up and go some fishing in my private boat and I'll enjoy the company of my wife and kids and hey, do you know what: all the disappointment will have gone."

The behaviour of Norman and Faldo that afternoon partly explains why the latter and not the former has been the dominant player of the age. It also explains why it is to Norman's 40th birthday party that I would rather be invited.

spouts, it is impossible to distinguish him as a person when Faldo loses a major championship. He is unbearable. Norman comes into press conference, and is mercilessly baited by the American media. ("Do you feel you choked this one away, Greg? That sort of thing.") Norman always retains his dignity. After winning the 1983 Open in such style, Norman was leading the following month in the USPGA Championship over the

same Toledo course where Tway had holed his bunker shot eight years earlier.

Norman had Paul Azinger and Faldo for company at the top of the leaderboard. He had a putt from 20ft to win on the 72nd hole. It hit the edge of the hole and stayed out. He had the same putt to win on the first extra hole. That one householded out as well. Norman three-putted the second extra hole and Azinger won.

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Imagine the Governor of the Bundesbank coming out for higher inflation or Newt Gingrich unmasked as a contributor to the Democratic Socialists of America. Neither event would surprise the people of Germany and the US more than the first minute of this season's Courage League One match between Sale and Gloucester shocked the crowd.

Every rugby follower knows how Gloucester play, and have done for years. Forward-oriented and deeply uncompromising. Yet here they were attacking from inside their own half of the field. Not this an aberration. Similar scenes, and gasps of amazement, have accompanied them all season.

But this is not quite the virulent outbreak of rugby idealism it might seem. Attempting to change a long-standing and traditionally successful style is a pragmatic response to wider changes in the English game.

Why Gloucester teams have played a grinding forward style is a matter of debate.

Environment is one possible reason. Gloucester's image as a West Country cathedral city is a trifle misleading. It is also a large city with normal city vices and nearby is the Forest of Dean, once described as "Britain's only working-class forest".

But if environment were all, Castleford, one of the grimmer corners of the Yorkshire coalfield, would not host a rugby league team famed for style and elegance.

Rugby Union/Huw Richards

Shocks in the west

Another possibility is that local rivals perpetuate opposing styles just as north London soccer giants Arsenal and Spurs habitually represent polar opposites, so do Gloucester and traditionally stylish Bristol.

There is no mystery why they stuck with it. It worked. Strong local junior clubs produced an endless stream of forward talent. That local base generated a strong sense of identity in a community with few other sporting distractions.

Andy Deacon, the captain, can still talk of "representing not just a club, but a whole city". Rugby internationals can walk uninvited in other cities, but any Gloucester player will be recognised in his own community.

That identity and consistent success ensured large and vocal crowds at the Kingsholm ground.

Barrie Corless, Gloucester's director of rugby, but formerly a Moseley player, recalls: "Huge baying crowds and huge baying forwards. You'd feel intimidated before you even got on to the pitch."

Wonderful, so long as it worked. While even top clubs

Mark Mapletoft, an attacking full-back who moved from Ebury at the start of this season. Other clubs were interested in him, but he says: "I knew there was a first team place for me. I was promised I would be allowed to play the way I want to, and I think the crowd has been enjoying the way we play."

It is not easy staying competitive while making changes. Gloucester have had poor seasons before, but the penalty now is relegation. That leads to the loss of ambitions, players, lower gates and, perhaps, a downward spiral.

"We have to stay up. If we went down to the second, I fear we might lose it totally," says Tim Smith, a former club captain.

The cavalier spirit has to be leavened with pragmatism. Smith says: "There are still occasions when the ball needs to be stuck in touch. We can't run it from everywhere."

And while the benefits of widening recruitment are clear, so is the strength the club draws from local pride.

Corless says: "I can't ever imagine putting out teams with less than 10 local players in the town in clear."

Gloucester cares deeply about its rugby. That intensity makes it distinctive in English rugby union - closer to rugby league communities such as Widnes or Warrington than to the middle-class suburbs that make up much of Courage League One. Holding their own this season, they can hope for better before very long.

City and club deserve no less.

Forget the blood and the sweat; concentrate instead on the tears.

Not tears of joy - I am talking about tears of pain and anguish.

I have seldom been so moved as I was two weeks ago in Melbourne when Pete Sampras, having come back from two sets down against Jim Courier, broke down on court and sobbed into his towel when someone in the crowd yelled "Win it for your coach, Pete".

Sampras was concerned

about the health of Tim Gullikson

(who was even then en route to a medical check in Chicago), and had not fully recovered from another comeback against Magnus Larsson in the previous round. He simply overflowed. It was the natural reaction of a shy and sensitive individual.

The latest to succumb in

public to this most human of all emotions is Mark Woodforde, the Australian left-hander. Woodforde trailed

4-6 2-6 0-1 against Marcus Ondruska, the South African No.2, in the deciding rubber of their Davis Cup tie in Durban last weekend. Exhausted by the heat on a cruelly humid afternoon and incapable of saving his country from defeat, Woodforde sat down at court-side and cried in despair as he conceded the match.

Because of the heat and humidity, Newcombe had wanted to reserve Woodforde solely for his normal doubles partner. With Todd Woodbridge, Furthermore, the conditions had already affected his top singles player, Patrick Rafter, who had beaten Ondruska on

day one but was not fit when losing to Wayne Ferreira in the fourth rubber. When Woodforde collapsed Newcombe's worst fears were realised. It was typical of the problems every Davis Cup captain has to face. There was a similar dilemma for the champions, Sweden, in Copenhagen. Magnus Larsson woke up on the first morning too ill to play. So Carl Axel Hageskog, the new Swedish captain selected double expert Stefan Edberg. Björn Borg had played well in Australia beating Guy Forget on his way to the third round. Then, catastrophe: on the first day, Forget fell to Kenneth Carlsen and Edberg was beaten sensationally by Frederik Ferstrem, a man who had ended 1994 ranked 182 in the world.

Sweden fought back for a 3-2 win, something they did last year in the semi-finals against the US. The man who had lost the deciding rubber that day in Gothenburg was the US No.2, Todd Martin. Last Sunday in St Petersburg, Florida, it fell to Martin to score the winning point against France. Having lost unexpectedly on the opening day to Cedric Pioline, Martin was particularly pleased to beat Forget to clinch victory.

In the other first round ties Stich and Becker, playing in

their first Davis Cup tie together since the qualifying round in 1992, won the first three rubbers against Croatia. They will now travel to Utrecht on the last day of March to face the Netherlands who beat Switzerland 4-1 in Geneva.

In Naples, Italy beat the Czech Republic 4-1 and will host their quarter-final tie against the US in Palermo. That could be a severe test for the US unless captain Tom Gullikson can persuade Michael Chang or Andre Agassi to join Jim Courier. I do not fancy the chances of Martin on slow European clay. Sweden's next opponents will be Austria, 4-1 winners against Spain in Vienna. This will be played in Växjö, birthplace of Mats Wilander and Björn Borg.

South Africa, back in the World Group for the first time since their reinstatement in 1992, travel to Moscow to face the Russian team that beat Belgium 4-1. This will be a first meeting between the two nations and will give a further measure of 20-year-old Yevgeny Kafelnikov's potential. In last year's final he admitted to being overawed by the occasion. He will be stronger for that experience, fully prepared to be the blood, the sweat... yes, and the tears if necessary, of another Davis Cup campaign.

entire family was killed in the concentration camps. I was hidden in a cellar in Berlin while my parents tried to get asylum papers. I spent part of my childhood in New Zealand.

"My job is reconciliation of east and west. The Germans brought it on themselves. They started the bloody war. The 50th anniversary of the bombing of Dresden is, among other things, supposed to teach us to avoid another Dresden."

What do you think was the strategy behind Bomber Command?

"It had been a deliberate Allied policy to destroy the cities of Germany and demoralise the population."

Was the policy supposed to have anything to do with saving the Jews?

"Not at all. The war was not fought to save the Jews. It has been proved that the BBC received instructions from the Ministry of Information not to highlight the persecution of the Jews. It would have created sympathy for Germany because of latent anti-semitism in England. To cut off the railway lines to Auschwitz would have been technically the easiest thing in the world."

But what makes Dresden so special, so different when you consider the bombings of Nagasaki and Hiroshima and the destruction of Warsaw and other cities?

"History creates symbols. Dresden is a symbol for all the cities which had been bombed during the war."

Thenight the innocents died

hard was only 18 years old," she said.

What did you feel at the time? I turned from the French PoW

joined the east German communist party. "We wanted to believe. We wanted an ideal. A new hope," said Ursula.

"I hated the war. I was again Hitler. It killed my brother. He was away my husband to a prison camp for several years."

Did you express your resistance to Hitler, the war, or the depression of the Jews?

"It was an inner resistance. There was no chance to get organised. We had no connection with the Nazis."

Horst explained: "You understand that we did not know what was happening to the people in Dresden."

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PROPERTY

Flat dwellers slow to home in on rights

Do not let obstacles put up by a landlord deter you from buying your freehold, advises Gerald Cadogan

Fifteen months after the Leasehold Reform, Housing and Urban Development Act 1993 came into effect, the number of claims by leaseholders against their landlords remains only a fraction of what it could be.

Since November 1993, the Act has extended the provisions of the Leasehold Reform Act 1987 by allowing flat-owners collectively to buy the freehold of their building, or individually to buy a 90-year extension to their lease, and has abolished the rateable value restriction that stopped owners of larger houses acquiring the freehold.

But most eligible leaseholders seem to have adopted a policy of "wait and see". That does not mean there is no interest. At the end of its first year, the Leasehold Enfranchisement Advisory Service (LEAS) had received nearly 4,000 inquiries, "from Neasden to Eaton Square, via retired people in Bournemouth and South Wales", says its chief executive Peter Hales.

But the number of actual claims has been low. In London, the Grosvenor Estate reports a "trickle" (for house freeholds) and the Cadogan Estate "about 50" (for house freeholds, flat lease extensions and one collective freehold for flats).

The reason, says Charles Boston of valuation surveyors Boston Carrington Pritchard, who is acting for 50 leaseholders on different estates, is that tenants view it as "unproven territory". But there is "nothing substantially radical about the valuation provisions and nothing new about 'marriage value'".

Do not be frightened by complicated procedures or by a counterclaim

Most tenants offering less than 50 per cent. But now landlords are demanding 100 per cent.

Stuart Corby, chief executive of the Cadogan Estate points out that the estate gave away 100 per cent marriage value in granting the lease in the first place. "It is a bit rough to get only part of it back."

This runs counter to present practice. Boston and other tenants' surveyors believe that tenants should not be bamboozled into paying more than 50 per cent. "Do not be frightened," he says, "either by the complicated, lengthy procedure (when you may encounter unexpected delays) or by a counterclaim based on 100 per

cent MV, or by the thought that it may have to go to the Leasehold Valuation Tribunal (LVT) or, on appeal, to the Lands Tribunal.

Why? Because to date the leasehold tribunal has decided six cases, and, in two significant ones in north London, reaffirmed splitting the MV 50-50. In December, in Sked v Towngram Developments, it decided that the freehold of 155 Gloucester Avenue, NW1 should cost £5,400, and not £3,410 as the tenant claimed or £8,500 as the landlord wanted.

For such a long lease, the leasehold tribunal applied a 13 per cent rate to capitalise the landlord's loss of ground rent and freehold interest, and assessed a freehold value of £499,000 - only 1.8 per cent above the leasehold value with 89 years left.

The leasehold tribunal also refused Towngram compensation for loss of commission on the insurance and the service charge. Landlords may see that as a "nice little earner", but it is irrelevant for MV.

Last month the same leasehold tribunal ruled on a 90-year lease-extension for a flat in Eton Avenue, NW3 which had 43 years remaining (Black v Eton College), and again split the MV 50-50, deciding that Black should pay 55.39% not 100 per cent as Eton proposed (claiming £20,250). Eton "failed to satisfy us that there is evidence of open market negotiations supporting reasonable receipt of a larger share".

In future cases a landlord's surveyors may quarry hard for evidence that can support more than 50 per cent but, at the moment, these are the precedents under the new act.

For the Black case, the LVT

decided on a 7.5 per cent rate to capitalise the landlord's losses, as the lease had only 43 years left and thus was a significantly increasing asset for the landlord rather than a barely noticeable one (as in the Sked case). The resulting £4,306 for Eton's losses was added to the existing leasehold value (£85,000) and both deducted from the freehold value of £80,000, to produce £10,794 p.v. Black was to pay half of this, plus the £4,206 plus Eton's and her own costs.

Jean South of the Leasehold Enfranchisement Association says the "immense care and effort" with which Black and Sked presented their cases, and wondered whether any commercial firm could do the same. "It would take too much time, and cost too much." But Norrie Sked is now acting as a consultant for Havills, chartered surveyors.

Some leaseholders find it advantageous to apply prior to selling on - such as the Thatchers, who acquired their

freehold in Flood Street, SW3, from Cadogan under the old rules of the 1974 Act and the Leasehold Reform Act 1987 and then moved on. One can even do this and get the subsequent purchaser to foot the bill, by writing that into the contract.

So what are the worst hurdles?

■ Getting enough people to act together in the collective enfranchisement of an apartment block and its subsequent management is too daunting for many.

If an individual lease extension looks easier, remember that it only continues the present pattern of ownership - and wasting assets. In some blocks nothing is possible anyway because more than 10 per cent of the building is in commercial use.

This is particularly galling,

the LEAS notes, for "the typical London mansion block of five residential floors above a terrace of shops".

■ Loans may also be a problem for collective enfranchisers

because there is "a large element of unsecured capital" for the JV portion of the price, says the LEAS, which is trying to develop a package with the Council of Mortgage Lenders. ■ Leaseholders must pass the residence test. Has the property been the main residence for the past three years or three of the past 10?

If the tenants also have a house in the country, they will ask how they divide their time, and where they do what - and may expect an affidavit in support. Do the gas bills and income tax demands go to London or the country? Children at a London day school are a strong case for London as the main residence.

■ Corporate tenants do not qualify. But those who hope to pass the leasehold title to an individual who qualifies must read the lease carefully.

The freeholder may have the power to refuse to agree to such a transfer and, says Robert Orrell of Knight Frank & Rutley, he usually exercises it when he does.

The courts may change this, but it will need "a very determined or a very rich person to challenge it".

Is it all worth it? Yes, say those who enfranchise or extend their leases before selling on. And if you buy enfranchisable property, George Pope of John D. Wood points out, you necessarily give yourself time to raise the freehold money.

You have to reside for three years before the second - freehold - tranche is due. In the meantime do your homework thoroughly. It is a complicated law but, as the LVT settles more cases, the body of case law will grow.

"Start the ball rolling now," says Boston and, in nine months, when the price is set, the landlords will hopefully have given up this attempt to scare tenants away from their legal rights".

■ Leasehold Enfranchisement Advisory Service: 0171-933 3116. Leasehold Enfranchisement Association: 0171-937 0866.



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GARDENING / PROPERTY

Gardening Prepare for the sun

Robin Lane Fox peers beyond the clouds to a brighter world

The only dry gardens in the UK are indoors in pots and boxes. While we gardeners are all rained off, I will follow up last month's half-hardy prelude with a short list from the fool-proof section of the seedsmen's list: the hardy annuals which anyone can raise if you order them in time.

See beyond the floods and storms to June. I will concentrate on hardy varieties which can be sown directly into open ground, beginning in early April and continuing through until mid-May in order to prolong the season.

Try not to sow the entire packet at once, because you can extend the result by staggering the race. Right now, you need to order early because the fine forms have a way of disappearing.

They do not appear in every garden-centre, but they are all on offer in the main catalogue of Thompson and Morgan of London Road, Ipswich, Suffolk IP2 0BA (0473 638821).

Many of them can be sown indoors, preferably in small pots. They will come on quickly, so do not start them for at least six weeks. I will start by shortlisting one form of poppy and a close relation, both of which are best sown directly into the ground. They develop main root and those of you who wrote to complain about failure last year had usually transplanted them and disturbed the system. Thinning outdoors in situ is the right treatment.

The poppy family is becoming horribly frilled, ruffled and over-improved. The best form is a shining beacon in the family which is being made to forget its wild origins, Papaver commutatum. Lady Bird is a romantic Flanders Poppy.

Its single deep red flowers have a black blotch and stand

about 1ft high. It grows in any sunny soil, even a poor one, and has the class which other brilliant reds lack.

It has never failed me, and those who see it seem to want it. They also want a lesser-known Californian Poppy until they hear the name, Eschscholzia caespitosa Sundew. The reality is less than a mouthful: this awful name: Sundew is about 6in high with pale yellow flowers, pretty green-grey leaves and a scent which I do not always notice. It looks marvellous in the cracks of a specially-distressed path or on raised beds. It comes up like a weed, but is never intrusive and is a perfect pair for alpines and small hardy plants after

their main season.

Three of my old favourites now come in new Thompson and Morgan selections and I have to shortlist them all. The coloured-leaved Clary is still, but it always used to be sold in a mixture of pink, purple and white in the Salvia section of the list.

The recent Claryssia strain separates the colours into individual packets and allows you to plant pure white groups or to enliven other colours with a few pink highlights.

Claryssia is smaller, only up to 18in high, but those who grew it last year found it excellent in blocks of singles colours wherever their borders had a gap in the front row. It thrives in hot summers, making it a worthwhile choice for



Traditional varieties of sunflower (above) are still a popular choice in gardens but new types such as Italian White and Moonwalker are also worth trying

The Garden Picture Library

UK gardeners in exile.

Deep blue phacelia and sky blue nemophila are old standards, but this year their forms have been extended. I am not quite sure about Phacelia Royal Admiral because it is said to have been chosen for its rich royal "purple-blue": the great joy of the ordinary low-growing campanularia was that it had no purple at all.

Perhaps I should favour another new exclusive, Tropical Surf which spreads sideways and flowers massively. The nemophila, I know, is excellent. It is being sold as Snowstorm because it is a low-growing white whose flowers are spoilt with black, a visual improvement on the recently popular Pennie Black which is black-flowered with a white

edge. Snowstorm is a white winner at ground level or in the edge of mixed pots, preferably in not too hot a place.

What about height, the other extreme? Here, I must reiterate the star quality of the new types of sunflower, or Helianthus, the best of which can be sown straight outdoors in late spring.

Italian White is a winner which is always said to reach 4ft, but I keep mine lower by picking off the dead flowers.

Moonwalker is 1995's new excitement, a lemon-yellow sunflower with dark brown centres and up to 10 flowers per plant at a height of 5ft. Supposedly, it is hardy, but I can think of so many uses that I will start the seed off indoors later next month.

These two new varieties are the hardy pairs to my absolute number one among annuals, Vendimia Zulu Prince, another white with zoned centre at a height of about 2ft. This great introduction is not, however, hardy and should be started indoors: it is the one which also does the rounds as Queen of the Veldt and I can only say that it is my star annual of the past three years.

All these sunflowers are excellent choices for gardens in countries where the local seeds are still stuck with the boring, run-of-the-mill varieties in an Italian park or a French floral clock.

For years, I have campaigned for the annual white flax with the dark eye which also likes sunny, expatriate life, as well

as British moderation.

It is now quite safe in several lists, segregated as Linum Bright Eyes and worth every penny for its silky quality. Behind it, I will go for an old favourite in an evocative variation and a new arrival in front which looks tremendous.

The old favourite is Love-in-a-Mist in its darker form called Oxford Blue: it sounds like an essential companion for academic life, and be thankful for one essential bit of advice. The fashion nowadays is to reduce them to little "low mounds" which miss the point.

Nasturtiums should trail far and wide or run up walls on wide-meshed wire netting. The good old mixed climbing form which trails to a length of 6ft is still hanging on in there, threatened by the wretched miniatures. Insist on it and keep it alive as the best climbing value in the book.

it flowers in clusters which is always a good sign for impact.

Most of these varieties are only available if you send away for them in order to raise your spirits on these wet days. If you cannot be bothered and simply want something you know, grow nasturtiums, and be thankful for one essential bit of advice. The fashion nowadays is to reduce them to little "low mounds" which miss the point.

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Call for perfect pitch

Of all the regions of England noted for their domestic architecture, the Cotswolds has that sense of place that makes it so readily identifiable.

The familiar narrow stone cottages, with steep pitched roofs and gables and dormer windows, fit in so well with the countryside that it is often said they look as if they had grown out of the ground.

In recent years, however, there has been concern in architectural and conservation circles that despite rigid planning controls some estates on the outskirts of Cotswold villages contain houses built of reconstituted stone with concrete roofs that could be found anywhere in the country.

We find that the design in individual houses in the Cotswolds is frequently getting better, but whenever there is an estate of more than half a dozen buildings it seems that standards have not improved at all," said Gillian Salvage, chairman of the Oxfordshire branch of the Council for the Protection of Rural England.

"The district councils do their best to channel these new housing estates to the edges of towns and villages, but there they intrude all the more on the countryside."

According to The Wallace and Hoblyn partnership, an architectural practice based in

If you build a cube, a roof of traditional pitch will end up much too large

Moreton-in-Marsh, small developments of this sort should blend in with the surroundings and be built from sympathetic materials.

The practice specialises in conversions and new domestic buildings in former farmyards and parcels of land in villages throughout the Cotswolds. The aim is to reflect the local architectural styles using traditional materials.

At Kingham, near Chipping Norton, Wallace and Hoblyn have designed 16 homes on a former farmyard site. There is a mixture of conversions and new homes, but the narrowness of the buildings and the pitch of the roofs means it is hard to tell the difference between old and new.

Real stone has been used for all the exteriors but the roofs have a variety of materials: some Welsh slate, some natural stone slates quarried locally, and some artificial stone slates.

Architect Fred Batterton, of Wallace and Hoblyn, said: "The key thing is not so much the roofing material as the shape and style of the building. It is vital to get the pitch right. In many modern developments, builders have gone for convenient cube shapes rather than the rectangles that constitute traditional Cotswold domestic buildings."

The reason for this is economy: it is cheaper to build a cube than a rectangle.

"But if you look at the older cottages, the span from front to back of the building is usually only 12ft-14ft. If you extend this, a roof of traditional pitch will end up far too large. Our policy therefore is to create L and T-shaped plans which limit the roof spans and give a steeply-pitched roof of conventional cottage proportions."

A man constantly fighting for better standards in building materials is Michael Hill, conservation officer for the Cotswold District Council. The author of the recently-published *Cotswold Stone Homes*, Hill tries to encourage the three quarries producing natural Cotswold stone roofing by implementing a policy that discourages the use of artificial stone roofing on listed buildings. However his council's policy on new houses in conservation areas is to permit artificial stone roofing, depending on the position of the site.

There are a number of artificial stone roofing products that are very good in both colour and texture," he said. "But they are made to take nails or pegs like traditional stone slates so the workmanship, which is the majority of the cost in a roof, has to be of a similar quality to that used in traditional stone roofing."

■ Cotswold Stone Homes By Michael Hill and Sally Birch (Alan Sutton, £16.99)

Clive Fewins

LONDON PROPERTY

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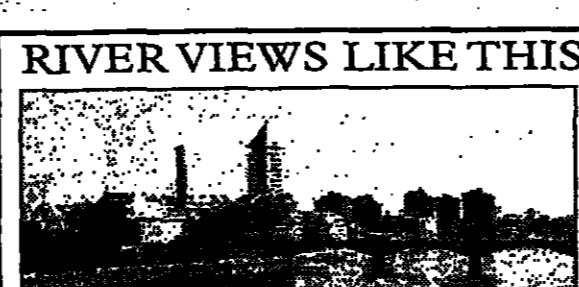
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OUTDOORS

Motoring / Stuart Marshall

Fords to wipe away bad memories



Ford Mondeo 24V Ghia. At its heart is a silky-smooth American-made V6 engine



The 1995 Ford Escort Ghia. Minor cosmetic changes, but a radically improved car.

The only Ford car I have ever bought brand new was an Early English Perpendicular Anglia; the kind people used to call simply Ford 8a. It had six-volt electrics, a three-speed gearbox with no synchromesh on first and cable brakes. The vacuum operated screenwipers dried up completely when the throttle was opened wide and it had a funny habit of diving for the kerb on corners taken at little more than walking pace.

I was immensely proud of it, although, looking back, even for its time it was a primitive car, outclassed by contemporaries such as the Morris Minor. But it was a puerile young reporter. At £227 and 10 shillings the Ford 8 was the cheapest car in Britain. That was why I had bought it. I could afford nothing better.

Our lives are said to be conditioned by early experiences. My motoring life certainly has been. I must have driven every Ford sold in Britain during the last 40 years - Consul and Zephyr, Prefect and Cortina, Capri and Escort, Fiesta and Granada and others whose names I barely remember.

The thought that Fords were sound enough cars but destined to rate no higher than second best has never left me.

Until now, that is.

Actually, I suspected my attitude toward Ford cars might be getting out of date when I first drove the new Mondeo two years ago. Unlike quite a few Ford cars - early Granadas and several front-wheel driven Escorts come to mind - the Mondeo was right from the word go.

That could not have been said of the latest shape Escort, which had a justifiably lukewarm reception when launched in 1990. But gradually Ford responded to criticism by correcting stodgy handling and improving lacklustre performance. Now a series of mid-life changes have moved it toward the top of its class.

When I drove two of the new Escorts - a 1.6-litre petrol-engined Ghia five-door and 1.8-litre turbo-diesel Ghia estate - in the south of France last month, my first impression was of great refinement.

Even when driven hard, their engines sounded decently remote; the transmissions (five-speed manual only for the

moment) were silent; and both wind and road noise were at the low levels expected of executive cars. In general, they felt more like slightly downsized Mondeos than merely improved Escorts.

Suspension changes have sharpened Escort steering response and improved both roadholding and ride comfort. Only the gearshift got a

thumbs down. Ford says it is better than before but I found it rather ponderous, especially when going into fifth.

In every three cars sold in Europe is in the Escort's size and price class. Competition, already intense, will get stronger this year as new cars such as the Honda Civic five-door appear, but the Escorts

are good enough to meet their rivals head on.

Prices, only 2 per cent higher than before, start at £9,485 for the entry model Escort 1.3 Encore.

After sampling the new Escorts in France, I spent a week back in Britain with a 2.5-litre V6-engined Mondeo Ghia 24V 5-door. This was so good that, had I been put into it with all identification marks removed, I could have believed I was driving a BMW or Audi.

The US-made 24-valve engine develops 50 per cent of its peak torque (pulling power) over a wide speed range and overall gearing is moderately low. This means that once out of town, a lazy driver can stay in top gear for most of the time. Yet the V6 spins eagerly and silkily to high revolutions so that overtaking can be rapid and safe. It is also a totally relaxed motorway cruiser.

Rear seat headroom and legroom are less than generous though this will not trouble the business motorist who normally drives solo. He - or she - will find the lavishly equipped, £19,815 Mondeo 24V Ghia, one of the best choices in its price class. And as for me, I promise never to underrate a Ford car again.

Fishing / Tom Fort

Back door to a place in history

History plays a curious trick on some of its distinguished men. They slave away on behalf of monarch and country, doing the donkey work. They earn the gratitude of the great men, respectful notices in the newspapers, and footnotes - if that - in the history books.

Occasionally, very occasionally, they manage to give drudgery the slip. The trick is that long after the mountains of paper they have shifted in the name of duty have been forgotten, it is the fruits of the few, precious hours of innocent pleasure-seeking which give them lasting renown.

One such was John Buchan, who worked himself near to death as lawyer, politician, and Governor-General of Canada and whose reputation as a serious writer was built on his biographies of men such as Montrose and Caesar.

Yet he lives today as the creator of the adventures of Hannay, Letheon, McCunn and the rest - romances dashed off with as much serious intent as you or I might devote to a spot of gardening.

Grey of Falloden was in the same mould. Earnest students of British history of the early 20th century will know him as a tireless, conscientious and ultimately not very effective foreign secretary.

But his memory is dear to a host who know nothing of his exertions to maintain the balance of power in Europe but who love his classic celebration of escapism, *fly fishing*.

Fishing, I need hardly say, is the link between Grey of Falloden, Buchan (who did not write so much of it as he should), and my subject today, John Waller Hills. For it is the fugitive sport, par excellence.

If life or labour become too much, or the temptation of a gorgeous summer's evening too great to resist, the moment can be stolen at once. Appointments can be put off, clients deflected, the telephone ignored, papers pushed to one side, spouses appeased, children bribed.

A wave and a cheery word to one and all, the tackle is seized, the river reached, the strides through the meadow grass lengthened, until that corner by the willows reveals itself.

And, by God, a two pounder is nymphing on the gravel! For these men - Buchan, Grey, Hills - such escapes were a good deal rarer than they are for me, possibly because they had a stronger notion of duty.

Of the three, I would guess that Hills did catch the most fishing. Incontestably, he is one of the great angling writers of the century and I only hope this is some consolation for the fact that his political career is now utterly forgotten.

Yet in life he was a commanding man. He became an MP in 1906, and after most gallant service in the Great War, was chosen by Bonar Law to be Chief Secretary to the Treasury in 1922.

This should have been the first step towards remarkable things. But Hills lost his seat, and by the time he got one back, his hour had passed. Useful, loyal, industrious, an absolute

It is wonderful that so much ingenuity should have been lavished on things that really do not matter

Jou
Blair
prim
minis
in wait
before
Malcolm Mu



Olympic champion Tommy Moe: 'Five pancakes, two bananas and yoghurt for breakfast'

Picture: Agence Vendome, Colorsport and Alapix

Skiing

Take a tip from the experts on how to tackle a slope

Arnie Wilson and Peter Whitehead pass on advice from FT readers and ski celebrities



and just roll the ski on to its edge and the sidecut will do the rest.

To ski in powder, always spread your weight evenly between both feet, and make your movements dynamic but gentle.



David Swanwick
World Extreme Skiing champion

Never be afraid to get back to basics. No matter how good a skier you are, spend a few minutes every day in the wedge position.

Andy Mill

Former downhill racer with the American ski team, now director of skiing at Aspen, Colorado

Always control your speed and finish your turns.

Maintain a good balanced position with weight on the middle of your skis and a good athletic stance, with knees bent and your feet slightly forward.

Also, never ski without your wife or girlfriend so you have someone to hug and keep you warm.

Chris Evert

(Above right) Former tennis champion, intermediate skier, married to Andy Mill

Only ski at Tiebach [Aspen's easiest mountain]. Make sure the sun is shining.

And never ski without your

will naturally start to slalom. This movement gives a feeling of superb control when practised regularly and firms the legs. Dancing and skiing go together - suppleness is the key."

But Bernie Cannell of Southampton urges skiers not to take fellow skiers' tips too seriously. "Avoid treating these nuggets as authoritative and take proper instruction. Skiers of all standards can learn from good teachers."

So what do the experts and celebrities have to say?

Tommy Moe

Current Olympic downhill champion

Eat five pancakes, two bananas and yoghurt for breakfast; two turkey sandwiches, salad and fruit for lunch; a mid-afternoon snack (sports bar); and steak or pasta for dinner.

I find I don't get sick as often when I have a little body fat, so I eat around 3,500 calories a day.

Glen Plake

Extreme skier featured in video

Point everything downhill: head, arms and chest. Don't make huge movements with your arms when you're planting your poles. It's a very small flick of the wrists.

And always be aware of your stomach - it's the centre of your skiing.

Bill Johnson

(Above) Olympic downhill champion, 1984. Now ski ambassador at Crested Butte, Colorado

One of the most important

Franz Klammer
(Above) 'Kaiser' of the Hahnenkamm

Always try to finish your turns.

When you are skiing in bad visibility, stretch your arms forward and imagine that you are 'feeling for the terrain' with your outstretched hands.

To carve turns with a long radius at high speed, do not swivel or rotate the ski to start the turn. Keep the ski tips pointing in the same direction

The final thought comes from Nigel Lloyd, a Weekend FT reader and member of the One Skid in the Grave club. He advises: "Never take lessons. There is not a ski instructor alive who can help me. I should know - I've tried him and dreds and they've all given up."

"In Barres they said 'you've got a good wide stance'; in Val d'Isère they said 'you don't really need poles'; in Davos it was 'perhaps you are happiest doing it your own way'; Solden was 'we'll wait at the lift - you'll get there'."

"And at Alpbach, they said

Nightingale (this was the closest the instructor could get to Nigel), where are you going?"

MOTORS

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Bill Johnson

(Above) Olympic downhill champion, 1984. Now ski ambassador at Crested Butte, Colorado

One of the most important

دكتور من الأصل

BOOKS

Journey through the landscape of hell

The most important message the Holocaust must leave to posterity, writes Rabbi Jonathan Sacks, is 'never again'

Fifty years on, the Holocaust still has the power to leave us numb with shock.

Nothing in the history of man's inhumanity to man had prepared us for the planned systematic extermination of Europe's Jews, the so-called Final Solution.

The Jews, many of them, could not believe what was happening to them. The Europe they knew was the home of Goethe and Schiller, Beethoven and Kant. It was the birthplace of enlightenment and liberalism, the benchmark of high civilisation. How this culture failed to prevent, or to produce

significant protest against the dehumanisation of a society, remains one of the great unanswered questions of the twentieth century.

For many years the trauma left by the destruction of two-thirds of Europe's Jews was so intense as to create a kind of silence. There were few books published about the Holocaust. Survivors kept a wary distance from their own memories, and that may have been part of what helped them to survive.

As time has passed, though, the floodgates of memory have begun to open, not least because the

generation of those who lived through the nightmare, seeing a world in which ethnic and racial tensions still scar humanity, wonder whether the lesson of the Shoah has really been learned.

Memory is the mentor of conscience. What we can forget, we can repeat. At the very time that

the factories of death were at their height, their victims sensed that a massive attempt was underway to render the Shoah invisible and denyable, an attempt sustained ever since by revisionist Holocaust historians. When the grounds of Auschwitz were excavated after the

war, dozens of written testimonies were discovered buried under the earth, written by those who, shortly before their deaths, suspected that every effort would

SACRED GAMES
by Gerald Jacobs

Hanish Hamilton £16.99, 271 pages

be made to cover all traces of what had occurred. Above all else, they wanted the world to know and remember.

That is what makes personal testimony a moral act, and books like *Sacred Games* necessary

reading for those who believe that the single most compelling imperative to emerge from the Shoah is: never again. It is the story of a young Hungarian Jew, Miklos Hammer, and of his journey through the landscape of hell: Birkenau, Auschwitz, Buchenwald, Dachau.

Almost incredibly he survived. We travel with him through the transports, forced marches, selections for the gas chambers, and the seemingly endless brutality, at times random, at times ruthlessly methodical. Here people die of starvation and cold, there a son is forced to kill his

father. Everywhere we encounter not just violence but evil, for the victims were not just tortured or murdered, but also stripped, stage by stage, of their humanity.

It is the story of a survivor, and we discover how close was Hammer's brush with death. At one point he escapes a mass execution by hiding in a cellar, at another by taking on the identity of an Englishman he meets on a transportation. On almost every page we are conscious of the deaths of those around him as one by one they disappear never to return.

At the end of the book Hammer

adds a note dedicating it to the memory of those who perished, hoping that it will "blaze through the darkness and indifference." Remembering is the greatest service we can do to those who died. Works like *Sacred Games* make it possible for generations born after the Holocaust to come face to face with its reality. It answers no questions, but it tells a compelling story of what it is to travel through the valley of the shadow of death, and to survive.

■ **Rabbi Dr Jonathan Sacks**
Chief Rabbi of the United Hebrew Congregations of the Commonwealth

Blair: a prime minister in waiting

But look at the odds before placing a bet, advises Malcolm Rutherford

The story goes that when Tony Blair was first elected to the House of Commons in 1983, he was warmly embraced by Sir Edward du Cann, the chairman of the Conservative 1922 committee, as one of the bright new Tory intake. Blair has continued to dazzle the Tory Party ever since. In a famously leaked memo last year, John Maples, a deputy chairman of the party, wrote: "If Blair turns out to be as good as he looks, we have a problem".

Here is the first biography of the man who might be Britain's next prime minister and the first Labour prime minister since 1979. At least one other account of his life is on the way, timed for the party conference season.

Such early offerings can be useful. What politicians said or did in the sweet blaze of youth tends to drop out of the records if and when they become respectable. The young

TONY BLAIR: THE MODERNISER
by Jon Sopel
Michael Joseph £15.99, 308 pages

James Callaghan, for instance, voted against British membership of the International Monetary Fund, but that was long before he became chancellor of the exchequer and eventually prime minister. In America the young Newt Gingrich had some eccentric ideas, like putting the disabled into space because weightlessness would relieve them of their problems.

The young Tony Blair seems to have little to fear from his past. At Oxford he played in a rock band, but never took drugs. Even if he had, like Bill Clinton he would not have inhaled. He has been a bit cryptic about membership of the Campaign for Nuclear Disarmament, yet since the cause was espoused by Presidents Reagan and Gorbachev, there is nothing disreputable about that book.

Jon Sopel's book is not an "authorised" biography, though the author has had access to Blair. As a BBC commentator, Sopel covered the campaign for the Labour Party leadership last year from which Blair emerged as the clear winner. There are other sources, too, notably Michael Howard, the home secretary; his rating of Blair turns out to be remarkably high. Less surprisingly, there's Neil Kinnock, a former Labour leader, whose judgments on Blair seem more balanced. Sopel's approach is sympathetic

without stooping to sycophancy. There is, however, a sprinkling of bias against other people in the Labour Party. He appears to regard John Smith, whose death led to Blair's accession, as pretty much a failure. He pays no tribute to the consistency of Smith's views on Europe and scarcely acknowledges that by playing "the long game", Smith's attempt to bring Labour back to power might have come off. He thinks that the party was in crisis before Smith died and he is churlish about Margaret Beckett, Smith's deputy, who seemed to many to behave with dignity during the leadership campaign.

Some background is missing. If there is another Labour government, it will be partly due to the way Denis Healey stayed with the party when others were leaving to found the Social Democrats and the way Michael Foot kept the party going in times of adversity. Without such guardianship of the bunker, there would have been no chance for Kinnock, then Smith and now Blair to recoup.

The formation of the SDP was when Blair came in. He had no time for the new grouping and stood as the Labour candidate in the home county seat of Beaconsfield in May 1982 - the time of the Falklands War. He was massacred, but made the quixotic decision to fight the seat again at the general election.

Some of his friends told him not to be so daft, and almost at the last minute he was selected for Sedgemoor in the north east. This was exactly the right place for a man who had lived in Durham and been to school in Scotland; not middle England, but middle Britain. Since then he has returned to the constituency to make many of his key political statements, like the decision to run for the leadership. In his Who's Who entry he lists Trimdon Colliery and other local institutions as his clubs.

Sopel leaves no doubt about the extent of Blair's ambition. He regretted that he did not stand for the deputy leadership after Labour's defeat in the 1992 election. He had no hesitation in going for the leadership directly on John Smith's death, though if Smith had died a few months earlier, the main candidate would have been Blair's longstanding friend, Gordon Brown. Brown, however, had overexposed himself on the media and Blair looked the more attractive figure. As this book reveals, John Prescott, now the deputy leader and far more traditional Labour figure, was extremely helpful to Blair in the



campaign by forcing a contest rather than allowing a walkover.

Some defects emerge. Not everyone will like the intensity of Blair's religion: as a young man he would often stay up late at night, reading the Bible in bed. During his leader-

ship campaign he infuriated his assistants by demanding to be driven to church to take communion on a Sunday evening. He seems to have gathered a coterie of friends around him from a very early stage. Comparisons with Bill Clinton are a little too close for comfort. Will he be prime minister?

You should look closely at the odds before placing a bet. He is not home yet and the young Tony Blair may have regalvanised the not-so-old John Major.

Clinton are a little too close for comfort. Will he be prime minister? You should look closely at the odds before placing a bet. He is not home yet and the young Tony Blair may have regalvanised the not-so-old John Major.

a sense antagonistic to her, and she has the chance of making it her enemy, or becoming its ally..."

Even when they were living on Tenerife he took a separate cabin in the mountains. In 1984 when he was desperately ill he spent five months in Africa, writing home with relish about his hero's reception; soon after his return he was again off to America.

It is clear from Elsie's letters that she understood that he was moody, hypochondriac, temperamental, indeed, difficult. It is clear from Bronio's letters that he was largely innocent of the truth that he was self-absorbed. But did either of them understand that he must have relished his work - his fame - more than his marriage?

I have a red-hot idea for any dramatist out there. *84 Charing Cross Road*, you recall, dramatised the trans-Atlantic correspondence between two ordinary people and became a cult success. In the same style, someone should turn these letters into a duet for the stage. It would have everything: romance, fame, exotic tales, poetry and, above all, tragedy.

London's Primrose Hill, Bronio is too busy to write at length as Elsie reports on raising three children, more often than not in their father's absence, and fascism comes down over Italy. Bronio writes about the dramas of Academe and his meetings with the great and the good,

THE STORY OF A MARRIAGE
edited by Helena Wayne
*Routledge, 2 vols. £40/HB £13.99 each.
1986/91 pages*

and protests that he wishes he were back home. Then, so tragically soon, Elsie's multiple sclerosis is confirmed, and the last chapters are overshadowed by her brave, cheerful, hopeless search for a cure to the disease which would kill her, only 45, in 1935. This second volume is desperately sad because we have

come to know Elsie through her own words and to appreciate her as a person. All the letters, from first to last, never cease their mutual assurances of an intense and certain love.

And yet... there is something odd here. Why, if they were both so happy to have found the other, did they spend so much time apart? They are both always insisting how much they miss each other, even if Elsie occasionally cracks ("This is an absurd and aimless life we are both living and I don't know why you are there and I am here..."), or again, "Goodbye my own darling. This separated life is horrible. We didn't marry for this, surely..."). Yet this is what they chose.

The clue may have come as early as 1917 when Elsie writes to her secret lover, "I was thinking that the problem of a man's work always must come before a woman. It is in

The barbs are blunted

Graham McCann on an ageing rebel's reaction to the Clinton campaign

Hunter S. Thompson's first foray into American politics resulted in his account for Rolling Stone magazine of the 1972 presidential election: *Fear and Loathing on the Campaign Trail*.

It was a striking, irreverent and idiosyncratic assault by the "Outlaw Journalist" on the fawning attitudes of the Washington press corps and the cynicism of the campaign managers. His attacks on Nixon ("He speaks to the bully in us; the bully, the predatory shyster who turns into something unspeakable, full of claws and bleeding string-warts on nights when the moon comes too close...") were frequent, fierce and memorable.

Thompson never stopped baiting Nixon and his entourage. The staccato delivery of the prose - the

BETTER THAN SEX:
CONFESSIONS OF A POLITICAL JUNKIE
by Hunter S. Thompson
Doubleday £15.99, 252 pages

result of a mind distracted by drugs and desperation in the face of impending deadlines - became a suitable stylistic compliment to the impulsive observations. It was never reliable reportage, nor was it always responsible, but it was unusually passionate and it was written as though politics really mattered.

Better than Sex, which records Thompson's return to the campaign trail for Bill Clinton's bid for the presidency in 1992, is a much less impressive, but much more poignant, sequel to *Fear and Loathing*. Thompson's "long weekend", which lasted nearly two days clouded by disputes, drug addictions and writing blocks, left him ill-prepared for the politics of the 1990s. The Clinton team grew up in - and out of - the 1960s culture to which Thompson remains tied, and Thompson was unsure as to how to engage with such serious young professionals. The Bush team, on the other hand, was very familiar to Thompson, yet easier to come to terms with: Nixon, Thompson's *bête noire*, was gone, and those left behind seemed merely mediocre, the dregs of the old demonic brew.

When Nixon was gone, Thompson, "we could always be

sure of finding the enemy on the Low Road". Without Nixon, Thompson was without a moral compass. No political figures he observes elicit from him any of the old wit or anger, all the barbs are blunted: George Bush is dismissed as a "fraud" and a "punk", Ross Perot mocked as "a cranky little bastard", while Clinton is merely a "New Age sensitive guy". The memory of Nixon is used, with a growing sense of desperation, as a means of injecting some passion into this supine account, but even the spectral Nixon cannot inspire the writer into transcending unintelligible mutterings and unimaginative insults ("criminally insane", "scum", "queer in the deepest way").

The book improves appreciably, however, as election day draws near. This is mainly because Thompson, after weeks of lazy theorising, meets some of the Clinton campaign team. What follows is fascinating, but probably not for the reasons Thompson intended. His meetings with James Carville, for example, show the ageing rebel unversed by someone sharper, more sober yet perhaps even stranger than himself. His meeting with Clinton (over a bowl of fries in a diner), which promised so much - the dope fiend and the draft dodger, one man still living in the 1960s, the other struggling to shake them off - produced little more than a low-key replay of *Falstaff's* exclusion from the young King's court.

With Clinton in the White House, Thompson is no longer the outlaw, just the outsider. It hurts. He resorts to firing off a succession of friendly approaches to George Stephanopoulos, offering advice and support; the responses tend to be brief, polite but gently patronising.

The author is left to wander aimlessly by half-hearted hope ("I got into politics a long time ago, and I still believe, on some days, that it can be a honorable trade") and world-weary cynicism ("The enemy of my enemy is my friend, the Arabs say - and if he happens to be a swine, so what? At least he is our swine").

Better than Sex offers no solutions, just a few tart observations - the most persuasive of which is probably that politics, though not as pleasurable as sex, is likely to remain at least as widespread in the foreseeable future.

Fiction/Nick Foulkes

Splinters from life

Afarewell to Prague by Desmond Hogan is not a conventional novel, nor is it a standard piece of travel writing. It is a collection of fragments, shards and splinters of experience, some a few pages long, others barely a couple of lines, many with a strong autobiographical flavour. The effect is by turns maddening and intriguing. After a while a picture builds up, not like a straight-forward narrative, but rather like the layers of shellac, varnish and polish on a piece of furniture.

Themes emerge; homoeroticism, death and a sense of history, particularly Irish history, are just a few. Images recur: Maud Gonne, flowers, Teddy Boys and tinkers for example. Characters reappear at various times throughout the book: most memorably the narrator's lovers. The book is carried by Hogan's writing, which is underpinned by a dazzling vocabulary. The whole effect is probably best summed up by an image used by Hogan himself: that of a stained glass window. It is as if all the disparate elements that make up *A Farewell to Prague* should appreciate at once.

"I'll be able to cope with it soon, when piss and juice and the sweat between his sweet dirty arse have cooled off the situation here inside me", is the kind of line that crops up in *The Miracle Shed*, a collection of short stories by Philip MacCann. At their worst these stories are little more than indulgent histrionic posturing. However, many of the stories in this collection have something, sometimes much, to recommend them. There

are those which really hold the attention, such as "Grey Area", in which a group of schoolboys plot to have their Latin master killed by a loyal terrorist organisation.

About his good stories there is an air of Raymond Carver, as he documents the mundane yet grisly, sad, sordid lives and sexual fantasies that are played out in a decaying cityscape of blocks of flats, where a girl's hair is scented with chip fat.

A FAREWELL TO PRAGUE
by Desmond Hogan
Faber & Faber £8.99, 256 pages

THE MIRACLE SHED
by Philip MacCann
Faber & Faber £8.99, 224 pages

the lift reeks of urine and a functioning public telephone is a rarity. His subject matter is often harrowing and distasteful.

With a repertoire of shocking mis-en-scènes and rude words, MacCann could build himself a Damien Hirst type reputation as some sort of enfant terrible. But it would be a great shame if this were accomplished at the expense of the more worthwhile areas of his work.

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Bronislaw Malinowski, one of the founding fathers of anthropology, first made his name with his field work in the islands east of Papua New Guinea. A cosmopolitan Pole stranded in Australasia by the first world war, he met and in due course, against much resistance, married Elsie Masson, a Melbourne nurse of Scottish extraction. He took her back to Europe where, because he was away so often and because they chose to site their family home in the Tyrol although he was teaching in London, they wrote to each other far more often than most couples choose to.

The Story of their Letters is a collection of their letters, brought together and discreetly edited by their youngest daughter. No doubt it will have its own fascination for ethnologists and the like, but for the lay reader it turns out to be a surprise and a delight.

The first volume begins with their meeting, when Elsie was mourning the death at Gallipoli of her fiancé, and ends with their marriage after they had defied the disapproval of her parents and his

Work before women

J.D.F. Jones muses on the story behind these wonderful letters

London's Primrose Hill, Bronio is too busy to write at length as Elsie reports on raising three children, more often than not in their father's absence, and fascism comes down over Italy. Bronio writes about the dramas of Academe and his meetings with the great and the good, and protests that he wishes he were back home. Then, so tragically soon, Elsie's multiple sclerosis is confirmed, and the last chapters are overshadowed by her brave, cheerful, hopeless search for a cure to the disease which would kill her, only 45, in 1935. This second volume is desperately sad because we have

BOOKS

Foreign exchange markets are the gorilla in the nightmares of finance ministers. Some hapless government is ambling along the path to monetary union, or economic nirvana, and wallow! - a burst of speculation, and the dazed minister is knocked off his feet and nursing a sore head, while his attacker disappears back into the bushes.

Given that currencies tend to be symbols of national pride, the damage done by foreign exchange traders makes them a favourite bogeyman of politicians. In the 1960s, Harold Wilson blamed the "gnomes of Zurich" for the pound's troubles; in the 1990s, the French cited "Anglo-Saxon speculators" for the

France's woes.

It is, from one point of view, a severe limit on democracy if economic policies are thrown off course by the whims of foreign exchange dealers. But John Roberts, a financial journalist, takes the view that the markets perform a necessary function of revaluation. By causing the breakdown of the ERM, he writes, "the speculators in effect sided with the population against the politicians."

In the course of outlining all the

the Exchange Rate Mechanism, he talks of the social disruption caused when European countries with high unemployment rates tied their economic policies to Germany, where the Bundesbank was using high interest rates to counter the inflationary effect of revaluation. By causing the breakdown of the ERM, he writes, "the speculators in effect sided with the population against the politicians."

Referring to the 1982-93 crisis in

A market impossible to tame

Philip Coggan explains why foreign exchange traders are the politicians' favourite bogeymen

1000 BILLION A DAY:
INSIDE THE FOREIGN
EXCHANGE MARKETS
by John Roberts
HarperCollins £6.99, 270 pages

myriad participants in the markets - bank dealers, corporate treasurers, brokers, pension funds - Roberts certainly illustrates that "conspiracies" to undermine partic-

ular currencies are unlikely. He says that "there is no evidence to suggest that speculation on the greater volume of dealing generally have made exchange rates more volatile."

But the idea that the markets are simply the instruments of cold reality is difficult to sustain. There have been many occasions when currencies, such as the dollar, have fluctuated so violently that it is impossible to believe that their

value is being influenced by any economic fundamentals. In such circumstances, politicians can hardly be blamed for considering ways of restricting the freedom of the markets. But the gorilla will eventually break free of its cage, as the ERM crisis showed.

Foreign exchange intervention - the equivalent of offering the gorilla a banana to go away - does not work either. The world's central banks simply do not have

enough reserves to be sure of defeating the markets. Roberts draws the reasonable conclusion that, in the circumstances, it might be best if some of those reserves were invested more productively.

The lay reader can learn a lot about the markets from this book - although the first chapter is a little confusing. But it is a pity that, unlike *Liar's Poker*, Michael Lewis's book about life as a bond salesman, there is not much fun in this tome. In real life, foreign exchange traders can be colourful individuals. One anecdote slips through. Dave the broker does a realistic impression of Allied bombers over the telephone; apparently the German clients love it.

Songs for the new consumer

The story of pop, which began so joyfully, is now dehumanised by technology. Nick Groom reports

The *Rise and Fall of Popular Music* is an epic work of reference and polemic. Donald Clarke traces western popular music from the ninth century to the 1990s. He focuses mainly on the experience of the past hundred years: the golden age of jazz, Broadway, big band, swing, and rock'n'roll. It is an absorbing, ludicrously informative, and strangely moving account. And it is full of fascinating things.

Clarke recounts the invention of tap-dancing and refers to the critic on the *New York Herald* who lamented in 1892 that the refrain of "Ta-ra-boom-de-ay" had become "a hideous nightmare"; he also tells us the enchanting nugget that W.C. Fields began his performing career

THE RISE AND FALL OF POPULAR MUSIC
by Donald Clarke
Viking £25.50, 615 pages

as a juggler, and includes the news that current research on the Delta bluesman Robert Johnson cannot yet be published as his killer is still alive.

We also learn that Frank Sinatra recorded one of the first concept albums, that the Shangri-Las' melodramatic death song "Leader of the Pack" was answered by the Detectives' "Leader of the Laundromat", and we are invited to marvel at Bruce Springsteen's imbecilic remark, "Chuck [Berry] played in a lot of strange keys, like B-flat and E-flat".

Clarke's thesis is that popular music has ceased to be something that we do and enjoy and has become something that we consume. He is interested in the effect of mass markets upon popular music. Early on he emphasises the trans-Atlantic dissemination of John Playford's 17th-century *English Dancing Master* and the profit-maximising schemes of 18th-century printers of broadside ballads. He argues that these commercial values determined popular

music at street level, and thereby structured the culture of the people. Ragtime croon-shouters stopped shouting when they found that microphones enabled them to croon with intimacy. The gramophone format dictated the length of Broadway songs - they usually lost their introductions. Jukeboxes playing the same hits over and over again inspired record company policy-makers to restrict radio play-lists to the "hit parade". Phil Spector's "wall of sound" trademark was overproduction designed to sound good on trannies and car radios.

This is why Clarke bemoans recent popular music. "The pop charts of the last two decades have been dominated by the toys of technology and the sound of money talking". Clarke's attack on post-Beatles pop is bracing: "the twangy synthesisers and thumping machines all have one thing in common: they do not and cannot swing".

Swing is what it is all about. For Clarke, Duke Ellington and the swing era represents "a highwater mark in the quality of popular music". Popular music began to swing in the 19th century, but it really got into the groove with jazz. *The Rise and Fall of Popular Music* is a glorious celebration of the jazz greats, and Clarke writes about them in a neat, tersely droll style. He swings too. He has a wealth of information at his fingertips, and inevitably the book sometimes reads like a chronological version of his earlier *Encyclopaedia of Popular Music*: a pel-mel fury of names, dates, line-ups, songs, gigs, and hits - there are even some major omissions, such as the music hall tradition and popular hymns. But it is quite a performance nevertheless.

With the advent of rock'n'roll Clarke shifts to a minor key. Rock'n'roll lacked any cultural values to guide it, and when The Beatles arrived, the popular music scene stalled. The Beatles inspired only imitators - and have effectively done so ever since. Style triumphed over substance.

Clarke still holds out some hope that, as in the past, a moribund music scene will be rescued by the Afro-Americans. But this argument fails to explain the recent troublesome trends - the pomp of the 1970s and the pose of the 1980s. Where were the Afro-Americans when the white boys needed them? Clarke cannot find anything salutary in

disco, (which is hardly a surprise), or even in reggae (Bob Marley receives only the briefest of treatments). Instead, rap is the great white hope. And yet it is such a vilely misogynist, anti-Semitic, and stupidly violent concoction that Clarke (wisely) does not back this one either, and the book ends on an imperfect cadence.

This is a work of enthusiasm and bitter passion. The story of popular music that began so joyfully as a celebration of the human dynamics of swing, ends as an industrial tragedy of technological dehumanisation. Donald Clarke forces us to face the bleak prospect that our songs are being denied us; he forces us to face the music.

Clement Crisp

THE CAMBRIDGE ILLUSTRATED HISTORY OF FRANCE
by Colin Jones
Cambridge University Press £22.95, 352 pages

revisions of the past. What do such pundits make of the Chevalier d'Eon, that transvestite tease, improbably pictured here in Masonic drag?

It is to Professor Jones's credit that he achieves what he has set out to do with such clarity and distinction. Here is, indeed, a popular and admirably copiously illustrated history of France, from the Lascaux cave paintings to the Chunnel Tunnel, which is both scholarly and accessible.

Any study on so large a scale

must be an exercise in omission and elision. What Professor Jones does, and with flair, is to bring together the varied matters of political, social and economic life in a period and provide a cogent summary of

their implications. So, writing about the absolutism of Richelieu and Louis XIV, he makes a succinct analysis of the administrative and military considerations which it obtained, and also relates it to social and family morals. His treatment in a single chapter of the Middle Ages is a bold panorama which takes in economic growth and the shaping of the French language, enlivened by such comment as "many towns started life as the pocket of the local feudal lord".

There are moments when one

may jib at a phrase - "paid military lackeys of the monarchy" smacks of Maoist dialect - but the narrative is quick-footed, with inset commentaries on certain pages which focus upon significant figures or events, from Blanche de Castile and The Black Death to "The Haussmannisation of Paris" and the "politics of cultural grandeur" with the Arch de la Défense in Paris.

A lively introduction to its subject, that country where Mazarin observed "anything may happen" - the volume is well and generously illustrated, with a preponderance of colour images, and notably well designed.

Clement Crisp

France in a nutshell

AMERICAN TABLOID
by James Ellroy
Century £15.99, 585 pages

trilogy. With JFK the "mythological front man in a particularly juicy slice of history," the novel begins on November 22, 1963, as Howard Hughes, ensconced in his hotel room, injects cocaine while watching Castro's bearded army on TV. The novel ends five years and a lifetime later, as JFK motorcades towards Dealey Plaza. In between, Ellroy reconstructs events, using the embellishments of fiction to flush out fact and rumour. Yet *American Tabloid* is as obsessively private as it is scandalously public; five months before the date of the opening chapter, Ellroy's own mother was brutally murdered, her body dumped 15 miles from Hughes's hotel.

Ellroy clearly considers that history is motivated by testosterone, psychosis, and

deploys three corrupt fictional players: ex-cop, drug-procurer and extortionist Pete Bonduart; FBI agent Kemper Boyd, who plumps for the president while organising Cuban exiles for the CIA; and lawyer and ex-FBI agent Ward Littell, who summarises their conspiracy - "we'll present them with an explanation, and the powers that be will prefer it to the truth, even though they know better."

With a thin line separating tabloid hack and historian, Ellroy's characters are secondary to the events that engulf them. They can only watch what their betrayals, manipulations and mistakes have set in motion.

Ellroy avoids the cultural

genuflections and intellectual excesses that marred Stone's *JFK* and DeLillo's *Libra*. Here everyone is guilty, and the narrative is all-consuming. When it comes to style and investigatory procedure, Ellroy might be the most innovative crime writer since Hammett.

Woody Haut

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Woody Haut

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There is obviously a reason in the mind of Morrow's employer for embroiling him with paintings which are connected to the darkest part of his life. But what is it? The mystery - which has a Simenon-esque simplicity and strength - provides the motor to this extraordinary book. It keeps us reading; it keeps us turning the pages; we have to know what Morrow's new employer is up to.

Having hooked us, Banville is then free to concentrate on what really interests him - which is Morrow's description-cum-confession of his painful and excruciating love affair with A., a young woman who lives in the house where the paintings are stored, an exhibitionist and a masochist who

maiden to death as described in that book.

There is obviously a reason in the mind of Morrow's employer for embroiling him with paintings which are connected to the darkest part of his life. But what is it? The mystery - which has a Simenon-esque simplicity and strength - provides the motor to this extraordinary book. It keeps us reading; it keeps us turning the pages; we have to know what Morrow's new employer is up to.

Having hooked us, Banville is then free to concentrate on what really interests him - which is Morrow's description-cum-confession of his painful

and excruciating love affair with A., a young woman who lives in the house where the paintings are stored, an exhibitionist and a masochist who

ATHENA
by John Banville
Secker & Warburg £15.99, 233 pages

likes to be blindfolded and beaten.

A's sexual predilections simultaneously appeal and fascinate Morrow - after all he is a woman-murderer, a sort of ersatz Bluebeard. But he is also smitten by her. A. is the first woman in a very long time (or possibly even ever) to bring grace and love into Morrow's hitherto loveless life.

Banville uses sexual activity in *Athena* as a way of understanding and explaining character and he is never in any sense titillating; by the novel's end we understand how A.'s tastes are rooted in her auto-

biography. Simenon was similarly adept when it came to using sex as a key to unlocking character.

But the Belgian writer was noted for a terseness which was almost telegraphic; Banville, in contrast, is word-rich; page after page after page he describes the physical world as seen by Morrow with breath-taking, heart-stopping fluency. *Athena* in this respect is very much a work of high art, however, because the mystery surrounding Morrow's employer is never lost sight of. *Athena* also provides those pleasures which I associate with popular fiction. It is hard to serve two masters, but Banville has managed the task magnificently. The result is a tour-de-force, a novel which holds onto its art while managing to be enormously enjoyable.

Propaganda and the case for paranoia

A.C. Grayling on a classic conspiracy theory involving subversion and betrayal

Willi Munzenberg's body was found in a French wood in 1940, slumped at the foot of a tree with a rope around its neck. He had been dead for some months. Did he commit suicide, or had Stalin's terror machine dealt with him as with so many of his former servants, one of whom he had been?

As a classic example of a conspiracy theory, Stephen Koch's account of Willi Munzenberg and the Soviet propaganda machine of the 1920s and 30s is hard to beat. This is a riveting story here: Moscow worked hard to gain friends and influence people in the west, in particular by enlisting intellectuals. Willi Munzenberg was a central figure in this endeavour. Using Munzenberg's story, Koch weaves a tale of massive Soviet-inspired betrayal by western intellectuals. And he makes an extraordinary claim about covert Soviet-Nazi cooperation.

Conspiracy theories are more often prompted by our human inclination to paranoia than by the facts of history. But they are true just often enough to keep our paranoid alive. In evaluating conspiracy theories we have the added difficulty that truth is often far more bizarre than fiction, so that even their unreality is not an immediate ground for rejecting them. Koch's account severely tests this principle.

Munzenberg was a German communist who had been a successful publisher and a Reichstag MP before Hitler's rise. He was a member of Lenin's inner circle even before 1917, taking a part in the preparations of the exiled Russian leaders. From the earliest days he played a leading role in the Communist International or Comintern, a "cultural" body founded by Lenin in 1919 as a machine to propagate the world beyond the Soviet Union's borders. One major task of the Comintern was to attach the support of educated opinion in the west. As Koch argues, it was also an excellent cover for spying, subversion and the recruitment of agents.

In his Comintern work Munzenberg was involved in many activities. The Left Book Club and the League Against Imperialism in Britain, the publishing house Editions du Carrefour in Paris, and the New Playwrights' Theatre in New York, are just a few of the organisations claimed by Koch as Comintern fronts. And he attributes to Munzenberg's far-reaching web of activity the recruitment of the Cambridge spies, the Peace Movement, the Sacco-Vanzetti case in America, and very much besides.

Munzenberg's chief work came after Nazism's triumph in Germany. He based himself in Paris to organise the Popular Front, the international anti-fascist movement which mobilised opinion against Hitler and Mussolini, keeping the prospect of resistance alive despite appeasement. The Front's first experience of action was against Franco. As its leading light Munzenberg attained celebrity; to some he was a hero. A history of these events would make an enthralling reading. But

Koch's account is not simply historical. His eye begins to roll in the very first pages of the book, and by the time Reds have been discovered not merely under the bed but in it, and in the bathroom and the pantry, the potting-shed and the boot of the car, it is revolving wildly. For it seems that almost everyone - Ernest Hemingway, John Dos Passos, Dashiell Hammett, André Gide, Lytton Strachey: any left-leaning intellectual's name will do - and almost everywhere - Cambridge, Bloomsbury, Hollywood, Broadway, Washington - was somehow connected with or sympathetic to or penetrated by the Munzenberg web.

The most dramatic claim in Koch's book is that Munzenberg's Popular Front against fascism was in fact a cover for secret Soviet-Nazi cooperation. During the mid-1930s, Koch writes, the two totalitarian states under the cover of their mutual hatred were negotiating

DOUBLE LIVES: STALIN, WILLI MUNZENBERG AND THE SEDUCTION OF THE INTELLECTUALS
by Stephen Koch
HarperCollins £20, 419 pages

toward an alliance in order to position themselves for the war to come. As the anti-fascist war of words took shape, the two secret services used that struggle to supply each other with disinformation against their respective enemies. Thus, Stalin used the Gestapo to destroy Tuchatchevsky and the Red Army general staff, and Hitler used the Comintern and the Munzenberg operation to destroy Ernst Rohm and the Stormtroopers.

Koch's overall purpose is to assert that the variety of left-inclined people and organisations outside the Soviet Union during the interwar years were either controlled or influenced by Willi Munzenberg, and that Munzenberg was directly controlled by Moscow. This indicates a large slice of the west's intellectuals as traitors in fact or spirit, and provides a defence of the McCarthyism which followed later. There is of course no question that those who failed to see Stalinism's evil (better concealed, at the time, than Hitlerism's evil) were profoundly deluded. But without question, at least many on the left in the 1930s were there from conviction and not because of the supposed Svengali-like skills of Munzenberg. As with the Stalin-Hitler conspiracy thesis, Koch's claim overvalues credence.

In Koch's world, as in old-style cowboy films, the bad guys wear black hats and the good guys wear white hats. The white hats were as busy propagandising and securing agents of influence, and encouraging intellectuals to dissent, as were the black hats. The fact that the white hats have happily won should suggest to Koch that the time is ripe for a more detached evaluation of the great ideological battle of the 20th century. But it is as if Koch were still fighting that battle in its 1930s shape.

Play



"One good thing about music, when it hits, you feel no pain . . .": The opening lines of Bob Marley's concert at the London Lyceum 20 years ago heralded an explosion of interest in reggae and

ARTS

Faggots! Dykes! Queerlovers! The words shirk out of *Harvey Milk*, the world's first overtly gay opera, which has just been premiered amid huge fanfare in Houston. The lyric theatre, a long-acknowledged haven for homosexuals, has finally found a vehicle with which to "come out" and confront the issue central to their cause can gays and lesbians be open about their sexuality and be accepted on all levels of society? *Harvey Milk* could only happen in the US - the country which gave birth to gay liberation, the culture which spawned Robert Mapplethorpe's photos of nude men and Tony Kushner's gay epic *Angels in America*.

Milk was the first openly gay elected official in the US. A Jewish New Yorker and lifelong opera lover, he spent his early career as a Wall Street research analyst. At the age of 39 - after witnessing the 1969 Stonewall uprising, in which gays faced off the police in Greenwich Village - Milk "came out" and moved to the gay mecca of San Francisco. He became active in local politics, won a seat on the city council and pushed through a gay rights bill. Less than a year later, in November 1978, he was shot dead by a conservative councillor, Dan White, who received a light prison sentence and later committed suicide.

Stewart Wallace and Michael Korie, the young American co-authors of the new opera, have turned Milk's life-story into a tale of martyrdom, a battle-hymn of gay pride, an entertaining piece of agit-prop theatre. It was conceived on the liberal tide which swept Bill Clinton to the presidency - before Clinton reneged on his commitment to gays in the military, before the National Endowment for the Arts (NEA) came under serious threat from the Republican majority on Capitol Hill. With its activist slogans and allusions to homosexual love-making, *Harvey Milk* is just the kind of work the Christian Right and other conservative groups like to demonise.

So it took courage - or chutzpah - on the part of David Gockley, general director of the NEA-funded Houston Grand Opera, to stage *Harvey Milk* in conservative Texas, one of whose senators is a leading anti-NEA campaigner. Gockley - champion of a long line of new operas, including Adams' *Nixon in China* and Tippett's *New Year* - prepared the ground thoroughly. There were talks, documentary films and other forms of outreach, so that those inclined to pre-judge the work on moral grounds could stay away.

The production itself, staged by Christopher Alden and sung by a first-rate cast, had pace and style. It will also be shown in San Francisco and New York (and there will be a different staging in the German city of Dortmund), where the host theatre are unlikely to receive the volume of protest letters Gockley had in Houston.

Thanks partly to the pre-publicity, *Harvey Milk* has already made a big splash, matching the American mood for instant "mediaisation" of contemporary issues. It is dynamic,



Robert Orth and Bradley Williams as Harvey Milk and Scott Smith. It must have taken courage - or chutzpah - to stage the work in conservative Texas

Opera comes out of the closet

Harvey Milk's life-story has been turned into an entertaining piece of agit-prop theatre, writes Andrew Clark

polystylistic, sentimental, groovy, political and fun - a compendium of postwar American culture. The co-authors (music by Wallace, libretto by Korie) have a good story, and they package it well. This is non-elitist musical theatre, with the values stamped clearly on the surface.

Two documentary tape-recordings give the evening an eerie, real-life feel: at the start, we hear Dianne Feinstein's public announcement of the double-murder of Milk and the San Francisco mayor, George Moscone; at the end, Milk himself reads fragments of his political testament, recorded days before his assassination. The intervening three acts mix fact and fiction, tracing Milk's closest years in New York, his political activism in San Francisco's gay heartland and his progress at City Hall.

The opening scenes cleverly evoke the teenage Milk's curiosity about "the men who are different" - men with no wives, who congregate at the Met, talk about "Tessa Tura" and disappear into the shadows of cop-infested Central Park. We then jump to Milk the off-duty stockbroker, who surrounds himself with campy lovers and links Jews and homosexuals as fellow victims of hate: "I stand up for myself as a Jew. Why not as a man who loves men?" Thereafter the libretto becomes a litany of gay battle-cries and riotous one-liners - as when a Castro Street booker, seeing all her potential male customers pair off with one another, complains that "this used to be a nice, normal neighbourhood".

That summarises the problem with *Harvey Milk*: the authors are so full of their message that they barely

scratch the surface of their hero's complex personality. And by trying at all costs not to turn Dan White into a cartoon bogeyman, they make him far more human than the rest. With the exception of Milk's lover (Scott) and campaign manager (Anne), Milk's political and social associates end up as caricatures. The only villains are the faceless, queer-bashing police.

But the message gets across, and the music does its bit. What the score lacks in depth and originality, it makes up in punch and accessibility. We hear echoes of Puccini at the Met, of Barber in Milk's Act 1 aria "My forefathers", of Copland in Dan White's solo, of Broadway, Bernstein, Stravinsky and minimalism. There are funky brass ostinati, dreamy neo-Romantic soliloquies, a jazzy chorus-line for the Stonewall

drag queens, and an infectious victory parade at the climax of Act 2, capturing the banal rhythmic pizzazz of American electroengineering. But both Wallace and Korie run out of steam in the interminable closing requiem.

Alden's staging, with decor and costumes by Paul Steinberg and Gabriel Berry, combined smart comedy with subtle observation. The set - a symbolically pink triangle bordered by closet doors - provided a flexible foundation for bright, representative stage pictures. A Callas portrait wafted overhead in the scenes at the Met. A strip of road, with Milk and White on either side of the centre-line, illustrated their parallel paths to power. And the tableaux of the final act - the pragmatic wheel-dealing at City Hall, the tense build-up to Milk's assassination -

were vividly characterised.

The American baritone Robert Orth gave a powerful performance as Milk, capturing the respectable professional, amorous hippie and street-wise politician, without lapsing into a gay stereotype. Raymond Very, as the troubled Dan White, sang with radiant purity. Another tenor, Bradley Williams, was the gently supportive Scott. Gidon Saks contributed a brilliant vignette as Moscone, while Jill Grove made much of Anne's touching Act 3 lament. Most of the singers appeared in more than one part - including Randall Wong, who had two male soprano roles written for him. The Houston Symphony Orchestra under Ward Holmquist brought to life the diverse idioms in the score, without preventing it from sounding awfully derivative.

Purcell in Texas

Let us not delude ourselves into thinking the Purcell tercentenary is a purely British affair. Paris this month stages *King Arthur*. Vienna has heard *The Fairy Queen*. New York has just had a much-talked-about recital in which songs by Purcell were juxtaposed with the modernist music of Charles Wuorinen. And Texas is in thrall to *Dido and Aeneas*. The *Dido* production is another feather in the cap of Houston Grand Opera, and will doubtless raise a few eyebrows when it comes to the London Proms and Versailles later this year.

The cast is largely North American, and the staging is by Opera Atelier, a Toronto-based group specialising in the baroque and early classical repertoire. The only European input comes from Marc Minkowski and his French period instrument ensemble, Les Musiciens du Louvre.

Unfortunately, period specialists are no guarantee of authenticity - especially in *Dido*. The earliest score dates from nearly a century after the first Chelsea performance, and the scenic effects envisaged by Purcell remain a matter of conjecture. Minkowski follows William Christie's example in offering a more exotic sound than is customary in the UK. He adds recorders, chitarones, tambourine and over-prominent timpani. His only excess is to embellish one of the Act 2 dances with onstage castanets and hand-bell. Otherwise, rhythms are crisply articulated; phrasing is expressive but not indulgently so. Minkowski does not rush his tempi.

But the music's noble simplicity is drowned by the staging. Opera Atelier's directors, the producer Marshall Fynko-ski and choreographer Jeanne Zingg, claim to work "in an historically informed manner, based on the gestural/oratorical technique of the period". The result is a flamboyant divertissement, turning Purcell's concise tragedy into a drag show.

There is nothing wrong with William Schmuck's set - a semi-circle of free-standing columns against a backdrop of luminous colour. Problems start with Dora Rust-D'Eye's fake 17th century costumes: Aeneas has to contend with a puffy frock-coat and wig, the male Sorceress sports a flame-coloured ball-gown with low cleavage, and the Sailor wears a fully-rigged ship's model on his head. But the real sticking-point is the choreography. The dances are over-produced, the gestures irritatingly mannered. As a result of this flummery, the title roles are reduced to bit-parts.

Linda Maguire and Brett Polegato sang cleanly, and without the requisite vocal and dramatic presence. Jacques François Loiseleur des Longchamps was an impressive Sorceress, with the demonic power of a Don Giovanni. Shari Saunders was the prim Belinda. All handled their *Lord* recitations cleanly, if a little too correctly. The Houston chorus - seated beside the pit in the Wortham Center's Culver Theater - sounded well-drilled.

It was an inspired idea to precede *Dido* with Jeremiah Clarke's *Ode on the Death of Henry Purcell*. This was compensation for Purcell's missing prologue, and filled out the evening to two hours.

A.C.

A View from the Bridge

If ever there was a character who could use therapy, it is Miller's Eddie Carbone. You can see him, sitting next to Othello at the male bonding session, with a therapist saying, "Get in touch with your feelings, Eddie. Why do you think you feel so strongly that your niece should stay home with you rather than marry this young Sicilian?" But of course Eddie has no therapist, and even if he did, he would be unable and unwilling to face those feelings - and so we have *A View From The Bridge*, Miller's towering tragedy about a man whose unwise love brings destruction to him and those around him.

Lack of self-knowledge is the longshoreman's downfall. But the tragedy is also driven by forces larger than Eddie - a collision of cultures among them. By eliminating all but the main crescendo of the plot, Miller seizes you in the headlong rush towards disaster. He also allows you to see these forces in action and so to arrive at a sympathy for a man who would otherwise condemn.

To this end the play calls for a production with only one foot in realism, which it gets in David Thacker's strong, lean, passionate revival. Siobhan Keegan's design responds to Miller's demands with an abstract set - a clinical, stylised silhouette of the dockside tenements that recedes, tunnel-like to echo the shape of the play. Aside from the Carbone living room in the foreground, nothing solid exists; the movement from indoors to outdoors is reflected only by a change of lighting. This suits the elemental nature of the play, but perhaps tips too far towards the abstract, since you have to work hard to conjure up the murky, restless neighbourhood in East Brooklyn bridge crammed with people and perched with informers.

The strong cast, however, works up the tension. Bernard Hill's Eddie is not the great bear of a man you might anticipate; his is a stern, compact toughness, controlled and restrained - only in his fierce eyes can you see the torment that will eventually explode. The pathos in his performance lies in the fact that he gives Eddie dignity; in his controlled physicality you can see the struggle he has had to bring his neck up well. The suggestion that his affection might have ripened into something unacceptable is genuinely shocking to him.

And while Hill shows us both sides of Eddie's character, Thacker's production brings out all the other ambiguities in the play. Emer McCourt as Catherine is sweet, but determined; while Joseph Fiennes as Rodolfo, the immigrant who steals Catherine's heart, is just a bit too flash. There are excellent performances too from Charlotte Cornwell as Beatrice and Ivan Kaye as the gentle giant Marco, whose moral clear-sightedness both grounds the play and capitulates the tragedy.

Seen very early in the run, this co-production between Bristol Old Vic, Birmingham Rep and Ferries Productions was moving and strong, but felt rather as if it was still on the runway. When it takes off, it will come into its own.

Sarah Hemming

At Bristol Old Vic to March 4; then Birmingham Rep from March 6 to April 1.

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Flushed with success: Fine direction and acting are complemented by witty dialogue in a play about poker and power games

Playing for a full house

Patrick Marber has dealt a good hand with his accomplished first play, says Alastair Macaulay

A wireless. All-male. Witty. Competitive. Defensive. *Dealer's Choice* is an exceptionally accomplished first play by the actor-comedian Patrick Marber - it's all about poker, and all about the endlessly tense and often desperate power games men need to play against one another. Though I know nothing about poker, I testify that the compulsive grip this play exerts and to the accumulation of meanings it ignites in your head. It is finely directed by Marber himself, and finely acted.

It has six characters. At the bottom of the pile is Mugsy (played by Nigel Lindsay), so called because he is, of course, a mug. He is the most lovable person we see because he is the most vulnerable. His head walter at Stephen's restaurant. The other characters are Stephen (Nicholas Day), his son Carl (David Bark-Jones), Sweeney the chef (Ray Winstone), Frankie, another waiter (Phil Daniels) and Ash (Tom George).

son) - a stranger in their midst who gambles professionally and to whom Cari owes some £4,000. All of them are not only more shrewd than Mugsy, they are more guarded.

Yet each is vulnerable in some way and each can be the victim of someone else. Why is Ash, the professional player, playing so hard for money? So he will be able tonight to repay a gambling debt of £10,000, the last part of which he needs to gain at this very game. "This other game, where you owe the money," Stephen asks him. "Are you the mug?" It is possible Ash - maybe Cari too - will be shot if he fails to win.

Deception is part of poker and of its world. Sweeney knows he must not gamble his last £20, which he therefore gives to hard-headed Frankie for safe-keeping, telling him not to return it while they are playing. But as soon as the gambling takes off he asks Frankie

for it, and Frankie gives it to him.

We gradually see that fear and despair stalk the mind of every character. How is it that Ash, however, can tell when Frankie is bluffing? "Do you really want to know?" Ash eventually replies. "When you bluff, you look scared." This revelation hits home so hard that Frankie is shattered.

Only Stephen himself is so guarded that he never loses. Which is not to say he always wins. We know he clings to the male world of poker, obsessively recording every game on his computer afterwards, because he is torn when shattered by divorce. Misogyny constantly creeps through this elegant, urbane, affable man's most casual remarks.

Cari is beautiful, charming, but utterly hopeless. Yet Stephen insists Cari plays poker here every week; insists she stays in this male power game.

Every praise goes to the cast, in which Lindsay's Mugsy and Day's Stephen are outstanding, and to Marber's taut direction.

Though this play is a valuable contribution to male studies, it is also driven by forces larger than Eddie - a collision of cultures among them. By eliminating all but the main crescendo of the plot, Miller seizes you in the headlong rush towards disaster. He also allows you to see these forces in action and so to arrive at a sympathy for a man who would otherwise condemn. To this end the play calls for a production with only one foot in realism, which it gets in David Thacker's strong, lean, passionate revival. Siobhan Keegan's design responds to Miller's demands with an abstract set - a clinical, stylised silhouette of the dockside tenements that recedes, tunnel-like to echo the shape of the play. Aside from the Carbone living room in the foreground, nothing solid exists; the movement from indoors to outdoors is reflected only by a change of lighting. This suits the elemental nature of the play, but perhaps tips too far towards the abstract, since you have to work hard to conjure up the murky, restless neighbourhood in East Brooklyn bridge crammed with people and perched with informers.

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At the Coateslee Theatre, South Bank, London.

Alastair Macaulay

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ARTS

Drawn to the erotic

William Packer defends and celebrates the work of Egon Schiele

Egon Schiele was born at Tuin, a small town on the Danube near Vienna, in the summer of 1890, into a family of the petit-bourgeoisie - his father was the station-master. At 28, in the autumn of 1918, the artist died in the pan-epidemic of Spanish influenza that in a few short months proved more lethal than the Great War itself. His wife, pregnant with their first child, died a few days before him. Here again, so it would seem, we have the image of the artist as tragic victim, shades of Modigliani and Van Gogh, unrecognised genius cut off before its time.

But the story is not quite that simple. Schiele certainly had his troubles, especially in his earlier years. His neighbours were scandalised by the apparent irregularity of his life and the overtly sexual nature of so much of his work. Indeed, he was once held in prison for several weeks, unjustly accused of corrupting the young girls whom he drew so often. But his tragedy is all the more poignant, perhaps, for the fact that in contrast to Van Gogh, whom he matches almost exactly in the shortness of his career, or Modigliani, who was carried off in the same epidemic, in his last year he had begun to enjoy wide official recognition for his work.

He was subsequently all but forgotten, but for the loyal discrimination of a few collectors, and the general revival of his reputation is fairly recent history. And it must be said that much of that early controversy does his reputation still; the charge of graphic and explicit sexuality amounting almost to pornography is hard to shake off, at least in this country. Here, admiration is all very well, but it is still difficult to admit to any enthusiastic liking for Schiele without the odd eyebrow rising skywards. There is hardly anything of his in public hands. The Tate has nothing, though not by now, I imagine, for want of wanting. Four years ago the Royal Academy could find no British sponsor for a splendid show of Schiele and his contemporaries.

The charge must be addressed, for it is inescapable. Skirts raised, stockings rolled down, legs akimbo, hands caressing, figures entwined, the challenging stare of the model herself as her sexual parts are so frankly exposed - all is readily and understandably shocking. But pornographic? The answer has to be, no, and a resounding no at that. For where there is no sentimentality and its concomitant engagement of fantasy and

wishful thinking, there can be no pornography. What is real may well be erotic, which is something else entirely, but never pornographic. It is the reality that Schiele confronts in his work, most especially in his drawings, that is at once so disarming and so shocking.

His facility is breathtaking, the speed of the line, the deft turn and flick of the contour to describe the form and spring and life of the figure. And the colour is rich and decorative, the silhouette strong and clear, the design simple, a young girl's brightly striped skirt spread around her bare bottom like a sunburst. All betray the graphic influence of Gustav Klimt and the Vienna Secession of the 1900s, by which examples the young Schiele, no more than 15 and still a student, first came to his true expressionist identity as an artist in thus coming to himself, he became in a moment entirely his own man.

He had not been outstanding as a child and the rapidity of his development, so well demonstrated in a run of his student work, is astonishing. The case for proper early technical study could hardly be better made. The very first painting of all, a close portrait head of a young woman in black of 1907, is as lovely as anything in the whole show.

We are back to reality, to the observed reality of the figure, the model, the particular woman who presents herself just there, in front of the artist, in that self-same room and space. There she is to the life, for all his tricks and devices whereby the image becomes art - the rapid descriptive slip of the paint, the graphic exaggeration of the image, the patterned, abstracted fall of dress or shirt. And there we stand as it were at his shoulder, as his hand flicks across the page, and we marvel.

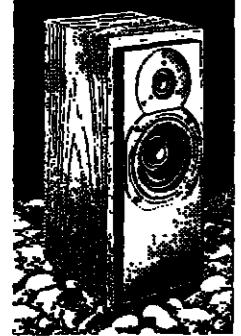
Leonard Gianadda and the curator of this show, Serge Sabarsky, have put together a remarkable exhibition of drawings and paintings from collections around the world, both private and public, to take us from Schiele the student of 1907 to the artist in his final months and at the height of his powers. It celebrates what now stands a full lifetime later, as the achievement of one of the greatest artists of the century.

Egon Schiele: Foundation Pierre Gianadda, Martigny, Switzerland, until May 14.



Shocking and disarming but never pornographic: 'Seated Nude': a drawing of his wife by Egon Schiele

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Animated opera for easy assimilation

by the cognoscenti of somehow damaging the originals, so too with famous operas. We should consider these animated films in their own right.

Naturally enough they vary, not least because of their different styles and techniques, which include puppetry, cel animation and videographics. Given the frequency with which we are told these days - admittedly chiefly by the British - that British animation is now the best in the world, it may seem a little perverse to conclude that the two best productions here are *The Barber Of Seville* and *The Magic Flute* which were both made by Christmas Films of Moscow.

Yet that is how it seems to me. Barber uses puppets and *Flute* the familiar cel technique seen, for example, in Disney films. The first is directed by Natasha Dabizha and the second by Valeri Ugarov, but both gain from a light touch. True, these are the two works closest to comedy, but it is not only a sense of humour from which they benefit. They also seem more inventive.

Technically, *Carmen* is the most up to date, using the sort of videographics which most viewers may have seen only in commercials such as those for P & O Ferries and the Post Office. "Electronic painting" is used over live action to lay down brilliant block colour while retaining film accuracy

in such details as the faces. The outcome is a work which is more striking visually than aurally.

Like the Shakespeare, this series originates with Channel 4 Wales and the music for all six cartoons is performed by the Welsh National Opera, singing in English. I would have preferred original versions and subtitles, but no doubt that would not be seen as "easily assimilated". More important, the sound system is 99 per cent of television sets is too cheap and primitive to give a proper idea of the high quality signal put out by the transmitters. Consequently in these films, as in so many programmes, the sound is inferior.

Ironically those able to get most from this series will be those already deeply familiar with the operas. Yet they will also be the most disappointed.

This fashion for making things easy (*Operazoo*) could be seen as the respectable end of the "dumbing down" process which is spreading throughout television) is surely questionable. Among the things we most enjoy are those at which we work hardest. One of the attractions of grand opera is the contribution brought by the onlooker: you have to put in some effort before you really begin to appreciate it.

Cutting works such as *Carmen* and *Turandot* to half an hour means that they sound rather like *Your Hundred Best Tunes*, and the plots of *Rigoletto* and *Rhinogold* are inevitably over-simplified. However, just as television must be edited to produce modern, edited, versions of Shakespeare (this opera series was preceded by *Shakespeare, The Animated Tales* without being accused

of being a single-minded passion for quality.

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

■ AMSTERDAM

GALLERIES

- Rijksmuseum Tel: (020) 673 21 21
- Art of Devotion 1300-1500: major winter exhibition focusing on the spiritual function of objects in the medieval period; to Feb 26 (Not Sun)
- Marbled, Chintz and Brocade Paper: an exhibition of decorated paper manufactured in and imported to the Low Countries in the 17th Century; to Feb 12
- Stedelijk Tel: (020) 5732 911
- Alfa Romeo: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo cars from the early part of this century to the most recent models; to Apr 2

OPERA/BALLET

- Het Muziektheater Tel: (020) 551 89 22
- Mazeppa by Tchaikovsky. A Netherlands Opera production conducted by Harmut Haenchen and directed by Richard Jones; 7.30 pm; Feb 11, 12 (1.30 pm); 14

■ BERLIN

GALLERIES

- Neue Nationalgalerie Tel: (030) 2662653
- George Grosz, Berlin-New York exhibition of the German Dadaist who emigrated to the US; to Apr 17

OPERA/BALLET

- Deutsche Oper Tel: (030) 3 41 92 49
- Das Rheingold; by Wagner. Conductor Horst Stein, production by Götz Friedrich; 7.30 pm; Feb 16
- Ein Maskenball; by Verdi. Conducted by Rafael Frühbeck de Burgos/Sébastien Lang-Lessing, produced by Götz Friedrich; 7.30 pm; Feb 16
- Faust; by Gounod. Conducted by Lawrence Foster/Heinrich Hollreiser/Jiri Kout, production by Jean-Pierre Ponnelle; 7 pm; Feb 15, 17
- L'italiana in Algeri; by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary; 7 pm; Feb 11
- Staatsoper Unter den Linden Tel: (030) 2 00 4762
- Elektra; by Strauss. Conducted by Daniel Barenboim; 7.30 pm; Feb 14
- Fidelio; by Beethoven. Conducted by Daniel Barenboim; 7.30 pm; Feb 12

■ BOLOGNA

OPERA/BALLET

- Teatro Comunale Tel: (051) 529999
- Macbeth: opera in four parts by the Deutsche Oper Berlin. Music of Verdi; 8.30 pm; Feb 12 (3.30 pm), 14

■ BRUSSELS

OPERA/BALLET

- De Muur/La Monnaie Tel: (02) 218 22 11
- Il Trifftico; by Puccini. A new production directed by Stein Winge, conducted by Antonio Pappano; 7 pm; Feb 11, 14, 16

■ COLOGNE

CONCERTS

- Wolfram-Richter Tel: (221) 221 2379
- Maurice Denis: exhibition of works by the French painter associated with the Nabi group; to Apr 2.

OPERA/BALLET

- Oper der Stadt Tel: (221) 221 8400
- The Turn of the Screw; music by Britten. Conducted by Stuart Bedford, produced by Michael Hampel. In English with German surtitles; 7.30 pm; Feb 11

■ FRANKFURT

CONCERTS

- Alte Oper Tel: (069) 430 400
- Evening of Songs: soprano Dawn Upshaw and pianist Charles Spencer plays Debussy, Copland, Seeger and Bernstein; 8 pm; Feb 13
- Frankfurt Opera House and Musica Orchestra: with pianist Elisabeth Leonskaja and conductor Wladimir Fedosejew plays Dvorák, Britten and Tchaikovsky; 8 pm; Feb 12 (11pm); 13

GALLERIES

- Museum für Moderne Kunst Tel: (069) 212 304 47
- Harald Pomp/Michael Reiter: experimentation with modern new materials; to Feb 24 (Not Sun)

- Schirn Kunsthalle Tel: (069) 29 98 82 11
- Agner Jorn - Retrospective: 167 works by the Danish painter. The fifth chapter in a series of presentations of postwar European artists; to Feb 12

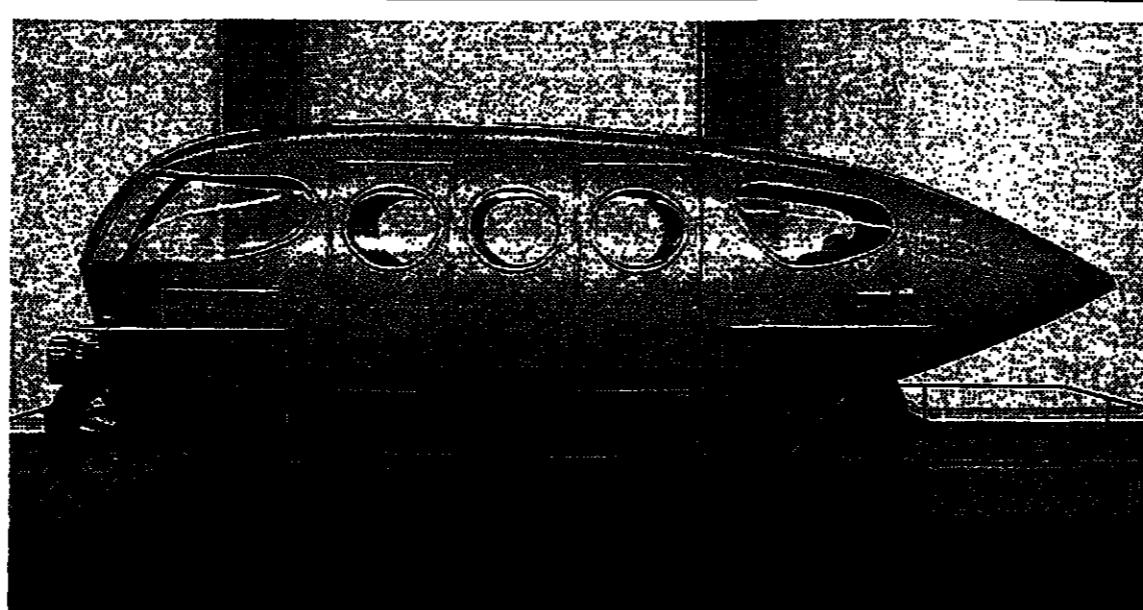
OPERA/BALLET

- Oper Frankfurt Tel: (069) 23 60 61
- As a Garden in this Setting: choreographed by William Forsythe, music by Thom Willems; 8 pm; Feb 13, 16
- Oberon; by Weber. First showing at this venue with conductor Hans Zender and lead role played by Hubert Delambey; 7.30 pm; Feb 15

■ LONDON

CONCERTS

- Barbican Tel: (0171) 638 8891
- Tippett: Visions of Paradise; Elgar Howarth conducts the London Sinfonietta to play Tippett; 7.30 pm;



An ALFA Aerodynamics, made in 1914, part of 'Alfa Romeo: The Essence of Beauty' is at the Stedelijk in Amsterdam until April 2

Feb 15, 17

- Barbican Celebrity Recital Series: with soprano Felicity Lott, mezzo-soprano Ann Murray and pianist Graham Johnson; 7.30 pm; Feb 13
- Tippett: Visions of Paradise; Sir Colin Davis conducts the London Symphony Orchestra to play Tippett's 'Triple Concerto' and Elgar; 7.30 pm; Feb 12
- Valentine's Day Classics: Paul Wynne Griffins conducts the Royal Concert Orchestra for an evening of great romantic classics; 7.30 pm; Feb 14

Festival Hall Tel: (0171) 928 8800

- Igor Oistrakh Plays Mendelssohn and Tchaikovsky; Simon Phipps conducts the English Chamber Orchestra and violinist Igor Oistrakh; 7.30 pm; Feb 11
- Valentine's Day Concert: Philharmonia Orchestra and pianist Anna Alexeyev. Anthony Inglis conducts Tchaikovsky, Rachmaninov and Rimsky-Korsakov; 7.30 pm; Feb 14

Purcell Room Tel: (0171) 928 8800

- A Tribute to Fats Waller: a Valentine's day musical celebration; 7.30 pm; Feb 14
- Klezmer Swingers: a musical journey from Odessa to New York, from traditional Klezmer to Jazz; 7.30 pm; Feb 16
- Viva Vivaldi: London Soloists Chamber Orchestra with violinist Peter Sheppard and oboist Helmut Gaunt. David Josefovitz conducts a programme of eight famous concerti grossi for solo violin and oboe; 7.30 pm; Feb 12

Royal Academy Tel: (0171) 439 7438

- Philharmonia Orchestra: Kurt Sanderling conducts Beethoven and Shostakovich; 7.30 pm; Feb 12

GALLERIES

- Barbican Tel: (0171) 638 8891

- Impressionism in Britain: the first comprehensive survey of the development of Impressionism in Britain. Over 200 works by over 100 artists including Degas, Rothenstein and Whistler; to May 7

British Museum Tel: (0171) 836 1555

- Byzantium: treasures of Byzantine art and culture from British collections; to Apr 23 (Not Sun)

Hayward Tel: (0171) 261 0127

- Yves Klein: over 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23

Museum of Installation Tel: (0171) 253 0802

- Dermot O'Brien: wonderful installation that attacks the senses. Air fresheners of various colours and scents are arranged on a wall to create sentences in braille; to Feb 11

National Portrait Tel: (0171) 306 0055

- Christina Rossetti: an exploration of the Victorian poet on the centenary of her death; to Feb 12

Photographers Gallery Tel: (0171) 831 1772

- Photography from the Former Soviet Union: exhibition in both galleries of past and present Soviet photographers, including the work of Alexander Rodchenko; to Mar 18

Royal Academy Tel: (0171) 439 7438

- Poussin: over 90 works by the French artist. Centrepiece of the exhibition are the two series of the 'Seven Sacraments'; to Apr 9

Serpentine Tel: (0171) 402 0343

- Man Ray: exhibition of works by the celebrated artist; to Mar 12

Tate Tel: (0171) 887 8000

- Willem de Kooning: a major exhibition featuring over seventy paintings drawn from private and public collections worldwide; from Feb 16 to May 7

Victoria and Albert Tel: (0171) 938 8500

- Warworks: women photography and the art of war. A perspective of war through the eyes of international women artists; to Mar 19

OPERAS/BALLET

- English National Opera Tel: (0171) 632 8300

- King Priam: a new production of Tippett's opera that opens the London festival - Tippett: Visions of Paradise, to celebrate the composer's 90th birthday; 7.30 pm; Feb 11, 17

■ Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30 pm; Feb 16

■ Rigoletto: Jonathan Miller's updated version of Verdi's opera where the duke is a mafia boss; 7.30 pm; Feb 13, 15

Royal Opera House Tel: (0171) 340 4000

- Der Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by John Schlesinger. Soloists include Felicity Lott/Anna Tomova-Sintow as Prinzess von Werdenberg; 6.30 pm; Feb 11, 15

■ Oberon: by Weber. First showing at this venue with conductor Hans Zender and lead role played by Hubert Delambey; 7.30 pm; Feb 15

GALLERIES

- Museum für Moderne Kunst Tel: (069) 212 304 47

- Harald Pomp/Michael Reiter: experimentation with modern new materials; to Feb 24 (Not Sun)

Schirn Kunsthalle Tel: (069) 29 98 82 11

- Agner Jorn - Retrospective: 167 works by the Danish painter. The fifth chapter in a series of presentations of postwar European artists; to Feb 12

OPERAS/BALLET

- Oper Frankfurt Tel: (069) 23 60 61

- As a Garden in this Setting: choreographed by William Forsythe, music by Thom Willems; 8 pm; Feb 13, 16

■ Oberon: by Weber. First showing at this venue with conductor Hans Zender and lead role played by Hubert Delambey; 7.30 pm; Feb 15

Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30 pm; Feb 14

- La Bohème: by Puccini. Conducted by Simone Young/Paul Wynne Griffins, directed by John Copley. Soloists include Angela Gheorghiu/Amanda Thorne as Mimì and Maria McLaughlin/Judith Howarth as Musetta; 7.30 pm; Feb 16

■ Tippett: Visions of Paradise; Sir Colin Davis conducts the London Symphony Orchestra to play Tippett's 'Triple Concerto' and Elgar; 7.30 pm; Feb 12

■ Valentine's Day Concert:

■ The Prince of the Pagodas; by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten 'mini-festival' at the Royal Opera; 7.30 pm; Feb 17

■ Don Pasquale; by Donizetti. Conducted by Roberto Abbado. In Italian; 7pm; Feb 12

■ Il Trovatore; by Verdi. Conducted by Miguel Gomez Martinez, produced by Luca Ronconi. In Italian; 7pm; Feb 14

■ Orfeo; by Monteverdi. Choreographed by John Cranko, produced by André Previn. In German; 7pm; Feb 16

■ Lucia di Lammermoor; by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the Orchestra and Chorus of the Paris National Opera; 7.30pm; Feb 11, 14, 17

thrones; to Apr 23

OPERA/BALLET

Bayerische Staatsoper Tel: (089) 22 13 16

- Don Pasquale; by Donizetti. Conducted by Roberto Abbado. In Italian; 7pm; Feb 12

■ Il Trovatore; by Verdi. Conducted by Miguel Gomez Martinez, produced by Luca Ronconi. In Italian; 7pm; Feb 14

■ Orfeo; by Monteverdi. Choreographed by John Cranko, produced by André Previn. In German; 7pm; Feb 16

■ Lucia di Lammermoor; by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the Orchestra and Chorus of the Paris National Opera; 7.30pm; Feb 11, 14, 17

■ The Marriage of Figaro; by Mozart. Conducted by Jun Märkl, produced by Günter Rennert. In Italian; 7pm; Feb 11

■ Arpeggiante Quartet: plays Haydn, Schubert, Jolles and Beethoven; 8pm; Feb 16

■ La Damnation de Faust; by Berlioz. Conducted by Myung-Whun Chung and produced by Lucas Ronconi. Soloists include Béatrice Uria-Monzon as Marguerite, and Thomas Moser/Gary Lakes as Faust; 7.30pm; Feb 12 (3pm), 15

■ Lucia di Lammermoor; by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the Orchestra and Chorus of the Paris National Opera; 7.30pm; Feb 11, 14, 17

■ Antoni Tapies: fifty five of the leading Spanish artist's most important works dating from 1946 to 1991; to Apr 23

■ Metropolitan

■ Early Renaissance Florence: 100 panel paintings and manuscript illuminations by masters of the Gothic style; to Feb 26 (Not Sun)

■ Thomas Eakins: exhibition honoring the 150th anniversary of the birth of the artist. This installation of about 30 works from the museum's holdings explores the museum's continuing interest in Eakins; to Feb 26

■ Museum of Modern Art Tel: (212) 7094 9840

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Peter Aspden

Give me a baguette instead of a headset

The recorded commentaries now provided in galleries are isolating visitors, instead of involving them in the art on show

There is something strangely unsettling about visiting an art gallery. It has something to do with the contrast between the stark emotion and dazzling technical bravura up there on the walls and the hordes of insipid spectators looking for a couple of hours to kill on a Sunday afternoon, "appreciating" in subdued and joyless reverence.

The disturbingly passionless atmosphere is perfectly realised in the opening scenes of Nicolas Roeg's psycho-dramatic masterpiece, *Bad Timing*, in which Art Garfunkel and Theresa Russell

wander round the Klunzinger Art Museum in Vienna. "They look so in love," she remarks in front of one rich, erotic canvas, only to be cut dead by Garfunkel's sarcastic retort: "That's because they don't know each other yet." It is a resonant evocation of the distance between the raw expression of the artist and the judgmental detachment of the observer.

All this could be about to change, however. The news that London's two premier galleries, the National and the Tate, are to use CD-Rom and micro-chip technology to provide portable commentaries for viewers promises to

herald a new era in art appreciation. They are not alone; in fact, other countries have already made steps along this road.

I visited Amsterdam's Rijksmuseum last week to see a beautiful little exhibition of medieval paintings on the theme of religious devotion. In the room containing the display - very dark to protect the paintings, or maybe just for the hell of it - about 90 per cent of the spectators wandered round in "interactive" headsets. It made them chillingly unaware of the people round them as they gazed at the exhibits with rapt attention, being given their potted histories

and biographies along the way. Needless to say, the amount of conversation between the visitors was minimal. All the talking was being done by machine; man just stood and soaked it up (why don't they ever call it an interactive experience?).

Typically, amid all this talk of technological advance and educational empowerment, we have contrived yet another way of driving the individual deeper into his or her own private space.

We will, say the defenders of the headsets, become immeasurably better informed on the works in front of us. I am not convinced; the thought of standing in front of

A Bigger Splash listening to David Hockney's lugubrious Bradford drawl incanting the delights of Californian swimming pools makes me want to, well, dive into one.

I have a shamelessly romantic view of art and artists. I love those biopic movies such as *Last Year in Marienbad* or *The Agony and the Ecstasy*, in which groups of bearded bohemians meet in cafés and say things like:

"Ah, here comes Seurat - he is obsessed by little dots..." and "Oh, shut up, Degas, all you ever do is talk about your ballet dancers!" I love them to roar with laughter, dance on tables, take countless lovers and lose parts of their face in arguments over brush-stroke technique.

I want to look at art made by people who rowed with oars, who lived in adulterous *ménages à quatre*, who took so many drugs it is a wonder they managed to produce anything at all. Give me a tormented soul, an anguished genius stripped naked on the canvas, and I will respond in kind. What I do not need are the plummy tones of an academic dispensing advice on what I should be noticing, nor the complacent "insights" provided by hideously wealthy artists telling me how

smug it is on the other side of the globe right now. As the creeping silence of uniformity all around us begins to take over, it is more important than ever for art to make a stand for rebellion, for noise, for the good life.

Art galleries have got it wrong. What they should be providing is little wacky tables in the middle of the exhibition hall, with a baguette, a bottle of Beaujolais and a sketchpad to keep us company. Then we could shout and argue, and laugh at those who had the temerity to shut themselves off from our ribald world with a weedy pair of hi-tech headphones.

The great wedding paperchase

Mariana Schroeder found the path through bureaucracy to marriage is not a smooth one

I had been in Germany for less than a month when a headline in the tabloid press caught my eye. "Statistics show a woman over 40 is more likely to be shot by terrorists than to find a husband." I made a mental note to scratch the world's trouble spots from my travel itinerary.

Then I met Henning. He was strolling down Munich's most elegant street in an Armani suit; tall, blond and handsome. He had a touch of grey at the temples, a tennis tan and - wonder of wonders - he was just one court decree away from being single. If I had a bullet with my name on it, here was the man to save me from it.

The plots of romantic novels usually make my skin crawl, but in those first weeks after our meeting I began to live one. We picnicked in the park, rode bicycles through the Bavarian countryside and ate by candlelight on tables not nearly big enough for one person, never mind two.

Falling in love is something of a miracle when you have passed the age of disappointment. "It's the body that ages," said a friend. "The feeling stays the same."

The risks and possibility of failure are too obvious. All your friends are divorced or wished they were. Laughter lines have hardened into wrinkles and the voice of reason keeps shouting in your ear.

We did not get married in a fever. We skied, we fought, we loved, we debated until we were ready. He got down on his knees to ask me. I got down on mine to accept.

There were 20 people ahead of us in the queue to book a date at the register office, but love made light the hours of waiting.

The blonde behind the desk had long run out of smiles. Could I get some general information? Not until the forms were completed. "Come back when you have all the necessary documents."

"I don't have a birth certificate," I said in a mew voice.

"Get one."

"I never had one." "That's impossible." I tried to explain that I had been born during the second world war of an American mother and an ethnic German father living in a

war zone, and had entered the US as a displaced person from a country that no longer existed.

"No birth certificate, no marriage."

Two days later I was on my way to Zagreb. I went to the Ministry of the Interior, the Department of Births and Records, the Department of Statistics - and the nearest bar. There was no evidence of my birth. But they would be able to issue a post-natal certificate of birth if I became a Croatian citizen.

"But I am an American."

"You can also be a Croatian."

"But I would lose my American citizenship."

"We won't tell the Americans."

"And if they find out?"

"Then you can live here. We are also a democracy."

I drove further east, past

Henning went to the register office alone because I was beginning to show homicidal tendencies

bombed-out houses and other scars of the recent war. According to my mother, I had been secretly baptised at the home of a relative to avoid the German authorities, who were then not too friendly to Americans in occupied territories.

Somewhere along that endless rutted road through East Slavonia I began reflecting on love, marriage and the absurdity of life. German bureaucracy was now forcing me to unravel the tangled web of relationships that had begun long before my birth.

I found the ruins of a town near the Hungarian border and a 92-year old relative, whose bright blue eyes still laughed. "I remember it like yesterday. They shot the priest - I don't know who it was - the Germans or the communists. Near the end of the war it was. I spent the whole night baking

cakes, but we couldn't throw a party because of the war."

"Your mother thought the Americans were coming and we laughed at her." She blew her nose in a threadbare handkerchief with my father's initials embroidered in the corner. Two days later I left with a copy of my baptismal certificate and a biscuit tin of faded photos.

It took another three months to get all the other required documents - university diplomas, income statements, divorce records, old marriage licences - all translated and certified at considerable expense. We got back in line at the register office.

"But I am an American."

"You can also be a Croatian."

"But I would lose my American citizenship."

"We won't tell the Americans."

"And if they find out?"

"Then you can live here. We are also a democracy."

I drove further east, past

The Croatian vice-consul in Munich was very understanding and promised to help, but the autumn wedding we had planned was obviously not going to happen.

In December the long-awaited document arrived: a stamped, certified, numbered birth certificate. It was a curious document in that it accorded me a new place of birth, Borovo, a wasteland that had changed hands in the war that preceded Bosnia. There were minor inconsistencies - but it was a birth certificate.

By our third trip to the *Szovjeti desemci* we had developed a new strategy. Be at the door by 7.30am, freeze for half an hour or so, then charge up the stairs to be the first in line. A large heavy-set woman checked the documents that had by now grown into a file the size of the London telephone directory.

Henning needed records from the two cities he had lived in before the age of six. And there was the question of the bride-to-be's citizenship.

"What question?" I asked, whipping out my navy blue passport.

"A passport is not proof of citizenship. Your birth certificate proves that you were not born in America."

By the fourth visit we were back to the gentleman with the

pencil stubs. He sharpened one as we spoke. "There are several inconsistencies that we cannot overlook."

Henning helped me draft a sworn statement explaining that I was a citizen of the US and that I had been born in Zagreb-Borovo. We hoped they would not check the map and see that 400km and a non-crossable, tank-enforced border stood between the two places.

Henning went alone to the fifth, sixth and seventh encounters because I was beginning to show homicidal tendencies.

The US Consulate was called in. The State Department was contacted. More certified translations and sworn statements were presented.

Months dragged on. Our winter wedding took on shades of spring. The coat I had bought was still to a suit and a straw hat and we still had no date.

The appeals court of Bavaria had to rule on my "eligibility" to marry, a mere routine that

to marry us despite the remain-

ing objections I almost kissed him. The ceremony took all of five minutes. The bride in front of me went into labour. The one behind me wore iridescent purple.

I said "Ja" instead of "I do". No one suggested Henning kiss the bride, but he did anyway.

The ceremony is even now a blur.

I showed my passport. I signed my name. Henning squeezed my hand.

A year has gone by. Terrorists don't bother me. It is the bureaucrats who give me nightmares.

As They Say in Europe / James Morgan

Just because we're paranoid . . .

The French and the British find themselves at opposite ends of the argument so often that their disputes seem a fact of life. Each suffers a paranoia which becomes unusually apparent in bilateral relations. Think of two sets of headlights blinding each other.

In the 1960s, I attended an Anglo-French encounter at Twickenham where there appeared an English banner recalling the French veto on Britain's entry into the common market. In those days, France often won rugby matches against England, today never.

Similarly, the French radio commentary on last week's game depicted it as a series of refereeing errors which reached a high point when the French fullback, Jean-Luc Sadourny, was taken off with a bleeding leg. The commentators were furious, but the

wound had been inflicted by his colleague, Abdel Benazzi, not by some English thug. For the uninitiated, England won the game with ease.

Meanwhile, the English papers rage about endless oppression from Brussels. British officials allegedly negotiate away the pound sterling while the government pretends opposition to a single currency. Europeans earn a trade surplus at our expense. Rules are designed solely to achieve the humiliation of England. Europe's "jealousy" will mean the end of London's red buses.

In Saturday's *Times* another plot was revealed: an exhibition at the Royal Academy about an 18th century grande dame, Lord Burlington, excludes any mention of his enemy, Hogarth. Hogarth was a true Brit patriot, Burlington slavishly followed continental fashion. It is true he knocked about with a number of sec-

ond-rate foreigners, but he also bequeathed us part of one of London's better thoroughfares, the facade of the Royal Academy itself and an eponymous arcade. For *The Times*, the structure of the exhibition meant "The Eurofanatics have won a triumph".

However pronounced French paranoia, there remains a still, small voice of sanity. French rugby writers are immune to the sour virus, even though they read *The Times*.

In *L'Equipe*, Pierre-Michel Bonnot told us that he had read an item in Saturday's edition headed "Do the English like animals better than their fellow humans?" He went on, "The answer was to be seen in the faces of the French forwards, marked in their flesh and their amour-propre in the aftermath of a defeat which was, however, less 'beastly' than the preceding seven."

"Yes, the English do like animals better than their fellow humans," he continued. "They are more brutal, more

lows in the Five Nations tournament. They love . . . those eight beasts who make up their pack of iron. As for us, we don't at all like those French bosses who, in the limited interests of vague local clubs, send the best of French rugby in rough conditions to the abattoir."

Le Figaro's Renand Matisson was among the French who took the train to London for the first time. Their sense of impending doom preceded their arrival at the indefinitely named London terminal, Waterloo. "The day before yesterday we expected the light of Austerlitz. But it was the sun of Waterloo... France, as gloomy as a Dickensian lawyer, England in its finery presented its most gracious face. All the better to eat us with . . ."

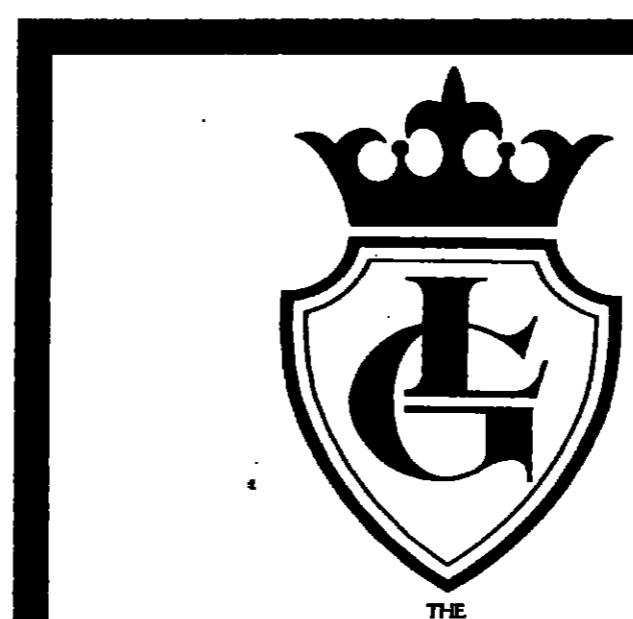
"On the wonderfully outdated roads from London to Twickenham, the traffic jams brought together Rolls-Royces, family cars (crammed with biscuits and flowered fruks), and cabriolets, sometimes open in the light wind. It might have been the fifties."

There followed a personal account of the game, the amiability of its fans and its apt conclusion: "The Englishman, who is a perfectionist, crowned the match with a success in the very last minute because it is not done to finish a sentence without the appropriate punctuation. That is English grammar."

The French, unless they are broadcasters, are able to keep their paranoia in check, reserving it for such trivia as trade policy and television. When it comes to matters of civilisation, they display great openness and generosity of spirit, an example to the xenophobes at the western end of the Tunnel.

■ James Morgan is economics correspondent of the BBC World Service

مكتابات الراحل



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LONDON
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SEND TO THE MEMBERSHIP OFFICE, THE LONDON GOLF CLUB, SOUTH ASH MANOR ESTATE, ASH NEAR BRANDS HATCH, KENT TN13 7EL. TEL: 01474 854466 FAX: 01474 854798		

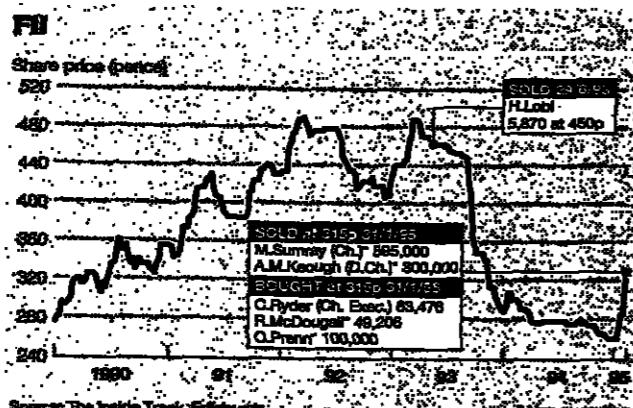
WEEKEND INVESTOR

Directors' dealings

Monty Sunray has long been associated with FIL, the footwear group, so his sale of 55,000 shares surprised the market, writes *Vivien MacDonald* of *The Inside Track*. His son-in-law, Arthur Keogh, also sold his stake of 300,000 shares; these, together with other family holdings, accounted for a total stake of around 11.7 per cent. Incoming chief executive Charles Ryder

bought almost 64,000 shares and two other directors bought a further total of 150,000.

□ Robert Leigh, chairman of Electron House, an electronic components group, sold 100,000 shares at £62 and then exercised an option over a further 30,000, selling them at the same price. Chief executive Barry Charles exercised an option over 70,000 and sold these, too.



Source: The Inside Track, Edinburgh

Directors' share transactions in FIL Group

Company	Share	Date	Price	Quantity	Notes
Assoc Brit Foods	Folio	12,750	75	1	
Black & Edington Grp	SStor	4,000,000	150	1	
Electron House	Distr	100,000	182	1	
FIL Group	Text	265,000	219	2	
Lewis Group	Text	7,425	20	1	
Nordin & Peacock	RefF	50,000	70	1	
St Mv	PPRP	11,000	37	2	
Warner Estate	Prop	15,000	31	1	
Wattie Blake Beare	Edin	8,000	42	1	
Adespace	Midis	20,000	61	1	
Airline	LAH	121,020	22	1	
Electron House	Distr	100,000	182	2	
Powell Duffryn	DIM	40,000	193	1	
PURCHASES					
Airtours	LAH	25,000	107	1	
Allied Leisure	LAH	100,000	107	1	
Aviva Petroleum	OH	50,000	18	1	
Bodycare Int	Eng	12,500	59	1	
Business Post	SStor	11,500	20	1	
Carlo Erba	Eng	10,000	20	1	
Chemex Intd	Chem	241,220	12	1	
Davenport Kilwee	Text	92,575	170	1	
FIL Group	Text	212,682	670	3	
Haynes Pub	Mkt	61,000	204	2	
Mezzanine CBI Trust	InvT	408,000	142	2	
Ocean Wines	Tran	52,000	35	2	
Photo-Me	OH	1,761,250	4,785	2	
South Wales Elec	Edic	1,500	11	1	

Companies are shown net price per share and are adjusted for any intervening scrip issues. Prices and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. □ 1st quarter, + 2nd quarter, * 3rd quarter

Company	Share	Date	Associated	Last year	Price	Notes
FINAL DIVIDENDS						
Alled Irish Banks	Bank	Tuesday				
Anglo & Overseas Trst	InvT	Thursday				
Baring Tribune Investment Trst	InvT	Friday				
Brighton Properties	Prop	Wednesday				
British Petroleum	OH	Tuesday				
Flushing Smaller Co's Trst	InvT	Tuesday				
Flying Flowers	Refis	Tuesday				
Genesco Emerging Pacific for Gencor Core Investment Trust	InvT	Thursday				
Great Eastern Smaller Co's Inv	InvT	Monday				
Kelmar Benson Group	Midis	Thursday				
Kelmar Overseas Inv Trst	InvT	Tuesday				
Kremer	OH	Tuesday				
Lily Bld	Text	Wednesday				
Murray Docks & Harbour	Text	Monday				
Orion Convertible Trst	Refis	Wednesday				
Royal Hotel Group	Text	Monday				
Rutiles	Text	Wednesday				
River & Mercantile Trst	InvT	Thursday				
St Modens Properties	Prop	Tuesday				
TR Pacific Investment Trst	InvT	Tuesday				
TR Property Investment Trst	InvT	Tuesday				
Thompson Trust	InvT	Friday				
Veritas	Text	Wednesday				
Ward Holdings	Text	Thursday				
Wicks	Text	Thursday				
INTERIM DIVIDENDS						
Almac	Refis	Thursday				
Arundale Bros	Refis	Wednesday				
Arrow Trust	Text	Monday				
Ballotech	Text	Wednesday				
Benson Group	Refis	Wednesday				
Biro Group	Edic	Wednesday				
Eca Trst	Text	Wednesday				
Entelco Computer	Refis	Wednesday				
FCC International Inv Trst	InvT	Wednesday				
Flushing Overseas Inv Trst	InvT	Wednesday				
Flynn Investments Trst	InvT	Wednesday				
Gated Investments	Edic	Wednesday				
Glasgow Income Trst	InvT	Wednesday				
Glen	Text	Wednesday				
Hanson	Text	Wednesday				
High Point	Text	Wednesday				
Howard Holdings	Text	Wednesday				
Mid Wynd International Inv	InvT	Wednesday				
MidWest Smaller Co's Inv Trst	InvT	Wednesday				
Partnership Inv Participations	Edic	Wednesday				
Quigley Marine	Text	Wednesday				
Savills & Prosper Limited Inv Trst	InvT	Wednesday				
Second Alliance Trst	InvT	Wednesday				

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Company	Share	Date	Associated	Last year	Price	Notes
Amend Holdings	Refis	Wednesday				
Brake Optima	InvT	Wednesday				
Crest Industries	Edic	Wednesday				
Digitel	Text	Wednesday				
Fidelity	Text	Wednesday				
Fidelity Charities	Text	Wednesday				
Fidelity Property Trst	InvT	Wednesday				
Genesco	Text	Wednesday				
Hedge Investments	Edic	Wednesday				
Inspec	Prop	Wednesday				
Lloyd's Bond Fund	Edic	Wednesday				
Loctite	Edic	Wednesday				
Reserve Strength Inv	InvT	Wednesday				
Scottish American Inv	InvT	Wednesday				
Shetl	Edic	Wednesday				
Teachnology	Prop	Wednesday				
Unison Investment Co	InvT	Wednesday				
West Management Inv	Edic	Wednesday				

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Reserve Strength Inv	InvT	Wednesday				
Scottish American Inv	InvT	Wednesday				
Shetl	Edic	Wednesday				
Teachnology	Prop	Wednesday				
Unison Investment Co	InvT	Wednesday				
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Weekend

INVESTOR

Wall Street

Pessimists find cause for their concern

Maggie Urry reports on a week where bullish hopes were unrealised

Wall Street has spent much of the week frozen, in all senses. Traders trudged to work through deep-piled snow to find the market unable to move far from the spot where it ended the previous week just before the temperature plummeted.

After the surge in bond and share prices following the unexpectedly good headline employment numbers the previous Friday, investors have been waiting for more economic statistics to see if they would confirm the bullish hopes that were raised.

Had the Federal Reserve, by pulling back economic growth to a sustainable rate without causing a recession, and keeping inflation at a reasonable rate, pulled off the economic equivalent of a triple somersault?

Unfortunately for those impatient to find out the answer, there has been a dearth of numbers to pick over. Not until yesterday's producer price statistics was there anything substantial to analyse.

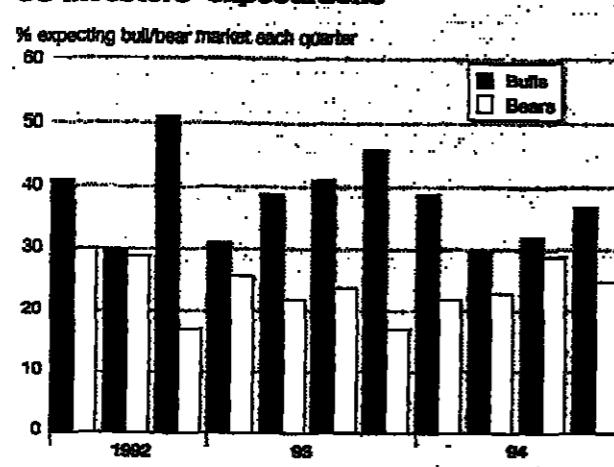
The headline figure, showing a 0.3 per cent rise in the prices of finished goods last month, was a touch below the consensus forecast of 0.4 per cent. The immediate reaction was, therefore, good, but the difference between forecast and outcome was not so large as to cause another sharp rally.

Until more evidence comes in, strategists and fund managers remain divided between those who think the Fed has increased interest rates for the last time, and those who expect another one or two rises in short-term rates. It could be May before we find out who is right.

Even if there are no more increases, however, there are bound to be some nasty surprises along the way. The great spectre of inflation is likely to make an appearance in some of the statistics. It would be strange if prices did not rise at this point in the business cycle, even if the rate of inflation stays within prudent bounds.

Similarly, other economic statistics are likely sometimes to disappoint forecasters, if only because one month's numbers are such an unreliable guide to a trend. Indeed, Cornelia Small, global equity strategist at fund manager Scudder, Stevens & Clark,

US investors' expectations



points out that an excessive amount of bullishness has been based on "one silly number".

In her view, slowing an economy which has been growing as strongly as that of the US takes more pain than has been experienced so far. Mexico and Orange County are two places where higher rates have left casualties. It is probable that the pain will strike again, but who knows where.

Jack Church, chief investment officer at the Glenmede Trust company, another money management group, is more upbeat in hoping that the Mexican and Orange County crises are the ones which mark the top in this interest rate cycle. He believes that the surprises for the market will be good ones.

Investors are still highly nervous. Although sentiment is beginning to improve, as the chart shows, it is still at low levels. A chart of sentiment among investment advisers would also show a great deal of pessimism although here, too, the line has turned upwards.

The brave investor is the one who buys before the herd. But after the losses sustained last year, particularly in bonds (which, after all, are supposed to be the low-risk choice), and with money market funds now showing a much better return than they were a year ago when the Fed started raising interest rates, it could be some time before private investors are ready to commit money to the market again.

An interesting sideline to the market has been the rise of the broader S&P 500 index relative to the Dow Jones industrial index.

Barry Riley

Pensions head for a dark age

The state scheme isn't safe - it's the biggest swindle of all

Believe it or not, this might well turn out to have been a golden age for pensioners. The living standards of retired people have improved significantly in recent years, especially for the wealthier of them who have benefited from the spread of occupational pensions. But the future prospects are looking murkier as the state withdraws progressively.

Certainly, old age security is not obtained without a struggle. One of the hazards was emphasised this week when a life insurance group, Lloyds Abbey Life, announced it was increasing £50m its provisions against claims for mis-selling of personal pensions. If other companies eventually pay the same sort of compensation, the total bill for bad advice will come to some £2.5bn.

So much for personal pensions. Company schemes, surely, are much safer? Not if you ask Maxwell group pensioners, who for more than three years have been subsisting mostly on emergency relief. At least there is good news here: last night, it seemed that a settlement had finally been cobbled together to secure the pensioners' future. But it has all been confused and unsatisfactory.

And if crooked raids on funds are, thankfully, rare, consider also the plight of pensioners; indeed, company

schemes will be regulated more tightly. But state scheme commitments are again being torn up. Technical changes to the indexation provisions for Serps could eventually halve the benefits in real terms.

In fact, state pension benefits all over the world are coming under intense pressure. Demographic shifts

State pension benefits all over the world are coming under intense pressure

are making the promises for them unaffordable. The old-age dependency ratio - the numbers of retired people to those of employment age - will double in Europe between 1990 and 2040.

The Organisation for Economic Co-operation and Development, representing 20 rich countries, has calculated that an extra payroll tax (increasing gradually to 15 per cent by 2050) or an equivalent will be needed to pay the bills. Italy's desperate plan to slash benefits caused armies of pensioners to go on the march in December and, effectively, brought down the Berlusconi government. New Zealand has brought in a subtler variation:

a 100 per cent tax on the state pensions of wealthier retired people.

Evidence submitted by the UK National Association of Pension Funds to an investigation which it is sponsoring, the Retirement Income Inquiry, attempts to answer the question of what, or who, is going to plug the gap left by the decline of the state.

Occupational pensions provide only part of the solution. Even at their peak, they covered only just over 50 per cent of the workforce, and the proportion was down to 48 per cent - and falling - when last measured in 1991. There is nothing better than a good final salary scheme, but comparatively few people are in them long enough to build up compound interest.

In fact the NAFF concludes that people will not be persuaded to pay substantial contributions throughout their working lives. A rush to catch up later in life is not very effective; early career contributions pay off much more handsomely, thanks to compound interest.

Perhaps part of the burden could be borne by employers. Other countries are heading down this road: Australia has a 3 per cent employer contribution which will rise progressively to 9 per cent. But it is a compulsory contribution, albeit into a private pension fund, very different from an extra tax?

Whatever is done, we will have to pay up, one way or another, if the early-21st century is not to become the dark age of pensions.

The NAFF has done some

London

City sees a glint of sunshine

Martin Dickson detects signs of an early spring

Financial markets across Britain and the rest of Europe are still enveloped in winter weather, but there has been a touch of springtime optimism around the stock market this week.

The FT-SE 100 share index gained ground on four of the five trading days, and marked time on the fifth, to end 50.2 points up on the week and at a high for 1995 of 3,169.5.

Could this be a sign that the Footsie is on the point of breaking upwards out of the 2,950 to 3,150 trading range in which it has been stuck since last summer? Or is this yet another false dawn?

Certainly, market sentiment in both the US and across Europe has improved significantly over the past week - since a surprisingly high figure for US unemployment in January was announced on February 3, prompting a sharp rise that day in the US equity and bond markets.

One of London's more bullish analysts is Edmond Warner of Kleinwort Benson who published a much-quoted note this

week arguing that the Footsie is likely to "burst up out of its trading range. Those waiting for unambiguously positive news may pay a heavy opportunity cost," he said.

Many analysts argue that Britain's big annual results season, which is about to start rolling, could mark a significant, positive shift in perceptions of the value of British equities - even though the City is expecting UK PLC's earnings growth in 1995 to slow to about 15 per cent from nearly 30 per cent of 1994.

Warner argued that the big dividend rises companies are expected to unveil over the next month or two will make equities much more attractively valued relative to gilts.

He said the yield ratio - the ratio between the yield on long gilts and equities - should drop from the current 2.1, which is hardly demanding by past standards, to about 1.9, assuming gilt prices hold steady.

There are, however, plenty of



Maurice Thompson: resigned from Warburg this week Trevor Horwitz

heads around who argue that this optimism is misplaced; that neither the US nor the UK government has really quashed inflation; that interest rates still have a considerable way to rise; and there will be no economic "soft landing".

All this, they argue, coupled with UK political uncertainty, will maintain downward pressure on both gilt prices and sterling at best keeping equities within their trading range.

However, the events of the past week suggest that the market is, at least temporarily, more willing to listen to the optimists than the pessimists.

The bull case was strengthened yesterday by a solid set of results from Lloyds Bank, which started the bank reporting season with a 26 per cent increase in pre-tax profits to £1.3bn. The figures were broadly in line with expectations, but their composition pleased the market, suggesting a pick up in loan demand and a maintenance of margins. They pushed retail bank stocks sharply higher.

The investment banking sector had a more mixed week. Shares in S.G. Warburg, Britain's leading merchant bank, were affected by staff defections, most notably that of the two leading figures in its equity capital markets division, who moved to Morgan Grenfell, the merchant banking arm of Deutsche Bank.

The losses reinforced City concerns that Warburg may be drifting following the collapse of its recent merger talks with Morgan Stanley, the Wall Street investment bank.

Warburg is still seen as a possible takeover candidate; but there was evidence this week of a shift by investors from Warburg stock into Kleinwort Benson, another merchant bank which has been the subject of bid speculation.

One of the week's worst performing sectors was brewing, thanks to the announcement on Tuesday that the Office of Fair Trading is to investigate brewers' wholesale prices. The inquiry centres on estimates that free houses can buy beer at one third of the list price but tied houses have to pay brewers the full amount.

The City is concerned that the OFT inquiry could lead to a further inquiry by the Monopolies and Mergers Commission. The MMC's last investigation in the late 1980s, concluded that the brewers' ownership of pubs limited competition. It forced the industry to sell some of its outlets and led to a price war.

News of the OFT inquiry prompted analysts to cut their profits forecasts for the industry, amid warnings that the investigation could stall further rationalisation of the sector, which is suffering from excess brewing capacity. In particular, the City thinks that Foster's Brewing of Australia would like to sell Courage, Britain's second largest brewer, and its half stake in Innopreneur Estates, a pub owning joint venture, but fears the process could be stalled by the inquiry.

Against this background, brewing stocks could underperform the market for some time. The springtime hopes stirring in the City are likely to prove cold comfort to the Beerage.

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